Daily Report

Latin America

FBIS-LAT-92-247
Wednesday
23 December 1992

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FBIS-LAT-92-247 23 December 1992

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Banana-Producing Countries Reject EC Restrictions

PA2212000592 San Pedro Sula LA PRENSA in Spanish 21 Dec 92 p 3

[Text] The presidents of Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, and Venezuela on 20 December issued a statement asking the EC to cancel the measures that restrict the free trade of bananas in Europe. Here is the text of the statement by the banana-producing countries, which was released by the Honduran Foreign Ministry on 20 December.

1. We hereby express to the EC our total rejection of the decision made by the Council of Agriculture Ministers on 17 December establishing a highly restrictive commercial system on banana imports from Latin America regarding the creation of the single market.

2. We also reject the EC procedure, which runs contrary to that established at the Uruguay round. That procedure deviates from the negotiation process and tries to impose a unilateral decision.

3. We regard the EC decision as a clear violation of the principles and objectives that inspired the Uruguay round and GATT at a time when our countries opened their economies and adapted them to those norms and principles.

4. We hereby emphasize our concern about the serious effects of this decision on the economies of our countries and the democratic consolidation process in Latin America. Such a decision undermines the current efforts for the greater development and well-being of our peoples, and affects the strength and credibility of the multilateral trade system.

5. We hereby urge the EC to reverse the decision so dialogue can resume and so new terms for Latin American bananas' access to the European market can be negotiated with our countries in accordance with the Uruguay round and GATT.

6. We hereby reaffirm our determination to use every available juridical, political, and economic instrument to protect our interests as producing countries.

Windwards Opposition Say Banana Deal 'Flawed'

FL2312025592 Bridgetown CANA in English 1725 GMT 22 Dec 92

[Text] Castries, St. Lucia, Dec 22, CANA—Windward Islands opposition leaders have expressed "dissatisfaction" at the agreement outlined by the European agriculture ministers for the importation of bananas into Europe after 1992.

A statement issued here by the opposition political leaders of Dominica, St. Lucia, and St. Vincent and the Grenadines, said the agreement did not [words indistinct] Islands bananas in the traditional United Kingdom market.

"The leaders ... have expressed dissatisfaction with the new trading regime for bananas after June 30 1993," the statement said, adding, "it is still the duty of all concerned with bananas in the Windward Islands to continue the lobbying effort to improve the proposed package."

The opposition leaders, headed by Julian Hunte of the St. Lucia Labour Party (SLP), undertook a similar lobbying mission to Europe, like the government leaders, in a bid to secure continued preferential treatment for the sale of the fruit in Europe after it formally becomes a single market next year.

Amid strong German objection, the community adopted a new banana trade regime based on tariff quotas for imports of so-called dollar bananas from Latin America. The community approved a 2-million-tonne tariff per year, import licencing arrangements, and an 850-ECU tariff per tonne on imports above the quota.

Hunte told reporters here on 22 December that the new agreement, which has not yet received the blessing of the German and Danish Parliaments, was flawed and could result in the Caribbean Islands being booted out of the market in the future. Hunte said the new agreement made no mention of whether the 20-percent tariff level on Latin American fruit would be reduced in years to come.

"It is an area we need to clarify now, and how long this new agreement will last [words indistinct] said should [words indistinct] under which regional banana producers were ensured that they would not be placed at a disadvantage in respect to any new trading arrangement. That arrangement is both legally and morally binding on the Europeans so that there is a commitment through the Lome Convention to protect the preferential treatment for our bananas until at least the year 2000. It is something that should be looked at legally in order to see whether it can be enforced to the letter. Yes, it is true you can say you will accept anything you can get, but anything that comes now must reflect that arrangement," Hunte added.

The opposition leaders reiterated their criticism of Windward Islands leaders by not adopting a multipartisan approach to the lobbying efforts, adding the agreement shows "the government did too little, too late on this issue." The group have also called for a restructuring of the industry, with the islands playing a much greater role in the shipment and marketing of the fruit to Europe. Marketing is currently carried out by the British multi-national firm, Geest PLC.

Prime Minister John Compton has expressed general satisfaction with the new European import requirements.

Cuba

Electoral Commission Chairman on Participation

PA2212131992 Mexico City NOTIMEX in Spanish 0241 GMT 22 Dec 92

[Excerpts] Havana, 21 Dec (NOTIMEX)—On 21 November, the National Electoral Commission reiterated the massive participation of people in the municipal elections held on 20 December, but refused to provide the percentage of annulled or blank votes cast by over 7 million Cubans.

In a controversial news conference held with foreign correspondents, Carlos Amat, chairman of the Cuban National Electoral Commission, said he did not have at his disposal the total number of annulled or blank votes.

Amat said the electoral commission viewed the data as irrelevant and announced the figures would be made public in March 1993, when the new Cuban National Assembly elected on 24 February 1993 will be sworn in. [passage omitted]

Blank or annulled votes, containing huge crosses or expressions of rejection, were cast in the majority of the over 20,000 polls, according to foreign correspondents.

Correspondents in the city of Havana, one of the 14 provinces, said the percentage of annulled or blank votes was estimated at 29 percent.

The percentage could be lower after the votes in the 14 Cuban provinces and the Isle of Youth are counted, the correspondents said.

Since there was such a high voter turnout and since there is a greater support for the socialist revolution among the peasant masses, some observers believe the percentage of blank or annulled votes could be less than 15 percent. [passage omitted]

Report on Election Turnout Noted

FL2212151492 Havana Radio Rebelde Network in Spanish 1000 GMT 22 Dec 92

[Text] According to the National Electoral Commission's figures, over 7.5 million voters exercised their right to vote on 20 December and elected delegates to the municipal assemblies of the people's government. Commission Chairman Carlos Amat has reported that 7,762,000 people registered to vote and more than 7,540,000 of these voted—that is, 97.2 percent of potential voters. Amat, who is also justice minister, pointed out that a little over 216,000 people failed to exercise their right to vote, for different reasons: mobilizations, hospitalizations, travel, and simply a decision not to vote, among others. The latter is not a violation of any kind, since our Constitution makes voting voluntary.

Amat said, lastly, that a total of 13,432 delegates to the municipal assemblies were elected Sunday, which means that there will be runoffs in a little over 430 electoral districts nationwide on 27 December.

Debt With Mexico Renegotiated Through Investment

PA2012024092 Mexico City NOTIMEX in Spanish 1907 GMT 19 Dec 92

[Text] Havana, 19 Dec (NOTIMEX)—Vicente Gutierrez Camposeco, president of Mexico's National Association of the Processing Industry, stated here on 19 December that Cuba has renegotiated its debt with Mexico through investment mechanisms.

The business leader reported that his Mexican colleagues have not yet made much use of the investments allowed in connection with this debt, which is controlled by the Mexican Foreign Trade Bank. He noted, however, that investment projects are being encouraged.

Cuban sources indicate that the island's debt with Mexico amounts to approximately $300 million, mostly due to commercial transactions. Trade between the two countries amounts to approximately $200 million. Mexican-Cuban trade is limited but is greater than that the Mexicans have with other Latin American and Caribbean countries.

According to official figure, Mexico exported $104.7 million in goods to Cuba and purchased $83.7 million worth of Cuban products in 1990. The figures represent a higher trade level than those maintained with Peru, Ecuador, Bolivia, Paraguay, Uruguay, and the Central American countries.

Gutierrez Camposeco is president of a Mexican private sector association and heads a group of Mexican industrialists who are visiting Cuba to meet with important officials in President Fidel Castro's administration.

Gutierrez said during a news conference that strengthening commercial relations between the two countries is very important to Mexican businessmen. He said the free trade agreement negotiated by Canada, the United States, and Mexico will have no effect on commercial relations with Cuba. "On the contrary," he noted, "it will enhance traditional commercial links between the two countries because through integration the trilateral treaty will allow a reactivation of the economy and increased demands for more products from the Caribbean and Central and South America."

The business leader said the trilateral commercial treaty "has clear rules" that do not exclude any country. He denied that the U.S. Government is pressuring Mexican investors not to invest in Cuba. He also denied that the Torricelli law could negatively affect relations between Mexico and Cuba. Gutierrez stated: "Mexico's legislation is very clear. We abide by our legislation, not by laws with which we are not even familiar."

Mexican Industrialists: Cuba Not Excluded in NAFTA

PA1912232192 Mexico City NOTIMEX in Spanish 1702 GMT 19 Dec 92

[Text] Havana, 19 Dec (NOTIMEX)--The National Association of the Processing Industry (Canacintra) said here on 19 December that the North American Free Trade Agreement [NAFTA] signed on 17 December by the presidents of Mexico, the United States, and Canada does not exclude Cuba.

The Canacintra leadership said Mexico's integration with the commercial blocs does not "exclude such important nations as Cuba," and Mexican businessmen think there are "many possibilities" for investment in Cuba.

In an official communique issued in Havana, Canacintra said the facilities given by the Cuban Government for foreign investments will strengthen trade relations, safeguard sovereignty, and respect political and ideological stands.

A group of Mexican businessmen led by Canacintra President Vicente Gutierrez Camposeco is in Havana to meet with high-ranking officials of Fidel Castro's administration.

The delegation is made up of Canacintra Vice Presidents Lino Landeros Santos and Jose Antonio Murray Giacoman, Canacintra Director General Luis Miguel Pando Leyva, and Operations Director Carlos Saucedo Alvarez. Canacintra includes some 90,000 Mexican industries.

The Canacintra leaders said Mexican businessmen have confidence in the Cubans' future and that the investments made on the island "will continue to strengthen fearlessly the unity and confidence in the future."

The communique added that "industrialists of the processing industry who are members of Canacintra-Mexico recognize the Cubans' spirit of struggle and work despite the difficulties they have sustained, which at no time have stifled their initiative to progress."

The communique also reaffirmed the interest of "our industrialists in continuing to conduct business with Cuba," which it considered important for Mexicans to diversify their investments abroad.

NAFTA will not affect Mexican businessmen's commercial relations with the Cuban Government, the official communique stated.

"Our country's integration with world trade blocs does not exclude such important nations as Cuba," the communique stressed.

Canacintra Delegation Analyzes Trade Agreements

FL2112223592 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 20 Dec 92

[Text] Trade between Cuba and the National Association of Manufacturers [Canacintra] of Mexico will exceed $150 million in 1993. This association, known by its acronym Canacintra, is composed of more than 90,000 enterprises and has the largest share of Mexico's domestic and foreign trade. Canacintra President Vicente Gutierrez Camposeco is visiting Cuba at the head of an official delegation that is trying to promote agreements and expand on those signed in the last Havana Fair. In a news conference, the Canacintra president affirmed an interest in trading with Cuba, despite any foreign pressures.

[Begin Gutierrez recording] In the association, we have 114 industrial branches of various activities. Naturally, the areas of greatest feasibility are construction materials, the chemical-pharmaceutical industry, the metalworking industry, perhaps some branches of the automotive or automotive parts industry, and capital goods. In recent years, we have been gradually increasing our trade relations, and we hope that these relations will be strengthened in 1993 because as we have said, Cuba is a viable country. [end recording]

Mexico is one of Cuba's most important trading partners, and everything indicates growth in this regard, in accordance with the interests of both countries.

Commentary Discusses Reforms to OAS Charter

PA1812224292 Havana Radio Havana Cuba in Spanish 0100 GMT 18 Dec 92

["Our America" commentary by Manolo Ortega]

[Text] During a recent meeting that lasted several days, which was preceded by six months of consultations, the foreign ministers of 25 of the 34 OAS member countries, signed the protocol of reforms to the OAS Charter, but not without heated discussions and serious disagreements.

Even though a decision was made to expand OAS action to alleviate extreme poverty in the area, a praiseworthy plan given the worsening problem in our nations, there was a certain opposition to the decision to include in the OAS Charter various mechanisms aimed at punishing any member who diverts from the path considered to be democratic.

The mechanisms, which various nations described as a return to interventionist practices, were proposed by Argentine Foreign Minister Guido di Tella at the 22d OAS Annual Assembly held in the Bahamas on May 1992.

As we said before, several nations objected to this aspect of the reforms to the OAS Charter. It is being said they

were reassured the measure would not be applied automatically but in a gradual manner and only as a last resort, after exhausting all diplomatic resources.

Those who did not sign the reform protocol, which must be approved by the parliamentarians of the respective countries, were Bahamas, Barbados, Bolivia, Dominica, El Salvador, Nicaragua, St. Vincent and the Grenadines, Mexico, and Trinidad and Tobago.

Mexico, a country that presented serious objections to the controversial point, expressed through Fernando Solana, its foreign secretary, that the intent to impose or restore democratic orders from outside is not only ineffective and useless, but also constitutes an interventionist and counterproductive measure.

The Mexican foreign secretary said the eventual application of the reforms would lead to a deterioration of inter-American relations because it would mean introducing a new interventionist agenda with the intention of defending democracy from abroad. Other nations said the measure proposed by Argentina could lead to the use of force against a country, which would violate the country's sovereignty.

Some Latin American analysts said that if interventionist practices are applied to countries where democratic order is considered to have been violated, the OAS would become a punitive organization with jurisdiction over the internal sovereignty of the nations.

During their meeting in Washington, the foreign ministers discussed the possibility of bringing the Haitian issue before the UN Security Council. Several countries, including Mexico, objected to such a proposal because, according to it, the Haitian crisis has no international implications and is not a threat to world peace.

Mexican diplomats believed that bringing the Haitian case before the UN Security Council is a dangerously interventionist matter and that it could lead to a situation similar to the one in Somalia.

Many observers believe a division has emerged within the OAS following the interventionist proposal. That is why it is appropriate to quote Mexican Foreign Secretary Fernando Solana, who said sovereignty resides in the people, who elect their economic, political, and social development. To violate this sovereignty constitutes a violation of international law and interference in the internal affairs of each state, Solana said.

Mexico believes that instead of becoming a punitive entity, international organizations must create conditions of development and cooperation that can lead to the eradication of structural imbalances promoted by instability on the continent.

Jose Ramon Balaguer Chairs UPEC National Plenum

FL2312022792 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 23 Dec 92

[Text] Politburo member Jose Ramon Balaguer has chaired the national plenum of the Union of Cuban Journalists [UPEC]. The journalists analyzed their current work and plans with a view to the sixth congress of that organization next year. It was also an opportunity to recognize the work done by those who have been exemplary educators for many years.

The reporters analyzed our nation's situation and how it is reflected in the media in a deeply philosophical and practical way. Jose Ramon Balaguer agreed with the journalists that we can improve the information system.

[Begin Balaguer recording] We must do this so that we will provide our people with arguments and reasoning so that they will understand and comprehend what we tell them, and so that what we tell them will move them to strengthen their support and struggle for our revolution and principles. But we must also give them arguments so that directly, when they individually have to face any situation, they will be able to defend our revolution and principles very forcefully with this reasoning and these arguments. [end recording]

Balaguer considered the role the Cuban media has played and plays under current circumstances.

[Begin Balaguer recording] The problem is to do this even more efficiently, keeping in mind that the challenge of this time is greater than at any time we have lived though during our process. Thus it requires more ability, more intelligence, greater perfection, greater effectiveness, and we need to be on the offensive. [end recording]

The UPEC leadership also conveyed to the plenum a very well-defined concept: We must think that the journalism we do now—which is also called special—will be the journalism of tomorrow, marked by great unity, among other things.

UJC To Hold National Activity on 30 December

FL2212032292 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 22 Dec 92

[Text] From one end of the island to the other, Cuban youth have decided to end the year with a song of hope. The nation summons everyone to Revolution Square on 30 December to voice a "Yes for Cuba." Grisel Perez has the details.

[Perez] At Revolution Square, where a gigantic political concert will be held on 30 December, Roberto Robaina, first secretary of the Union of Young Communists [UJC], said: This is the time to find out who is on the nation's side.

On that day, the ceremony will begin very early at the monument to the internationalist martyrs. The square

will be open from 1000 for a great fair that will include contests, music, and many kinds of activities. At 2100, Selina Gonzalez, Amaury, Mayohuacan, Kiki Corona, Adalberto Alvarez, Mezcla, Idesu Alejandro, Augusto, and many more musicians and singers—a total of 350—will be there.

Roberto Robaina commented that this is another call to participate in a campaign that is in its final stages. The campaign's background was the mobilizations for the sugar harvest, the camps filled by the young people of the Student Labor Brigades and the FAPI [expansion unknown], and the economic struggle itself, which will not end with the new year.

Every province in the country has its own historic square to summon everyone who wants to say "Yes for Cuba." In the rest of the world, solidarity with this small island demonstrates its of love in hundreds of campaigns and donations. Those who support us base their reasons on the need for us to resist on a planet where those who do not sell out can be rented. Today, we are less than ever condemned to isolation.

The date is 30 December. The nation summons everyone to Revolution Square to give a "Yes for Cuba."

Simeon Attends Holguin Scientific Hub Inauguration

FL2212033592 Havana Cuba Vision Network in Spanish 2320 GMT 21 Dec 92

[Text] The scientific hub of Holguin Province was established with the presence of Dr. Rosa Elena Simeon, a member of the Central Committee and the president of the Cuban Academy of Sciences. The work of integration and cooperation in science and technology requires a joint effort. Thus, the groups for nickel, the integrated sugar harvest system, biomedicine and high-risk surgery, and tourism, among others, are pooling their knowledge and responding to the current situation.

Nickel researchers will see to compliance with the technical and economic indicators of that mineral, production stabilization, and waste treatment. Likewise, in the metalworking branch, they are designing new prototypes suited to the current circumstances, and the KTP-2 combines, indispensable in sugarcane agriculture, are being perfected.

Commentary Views Alternate Sources of Energy

PA1912043492 Havana Radio Havana Cuba in Spanish 0000 GMT 19 Dec 92

[Roberto Morejon commentary]

[Text] Fuel shortage, the Cuban economy's Achilles heel, has compelled local experts to seek alternatives so production and services can continue, at least at the essential level. The impossibility of acquiring on the international market the necessary 13 million tons of fuel has made it mandatory for Cuba to reorient its energy strategy.

The Seventh National Spare Parts, Equipment, and Advanced Technologies Forum, recently concluded in Havana, carefully studied possible alternatives. This study is an indication of the seriousness with which authorities, scientists, and technicians regard the situation. Some of the half a million scientists, technicians, and university professors and students who participate in research and innovations in the country do so in the field of energy. Cuban experts strive to take maximum advantage of energy resources, regardless of whether or not they are conventional. Researchers realize the need to work on alternate sources of energy already existing in the country, such as sugar cane waste pulp, which can produce the equivalent of 6 million tons of fuel yearly. Other alternate sources are small hydroelectric plants, organic wastes, wind and solar energy, peat and coal, and local oil.

Cuban authorities expect to increase local oil production to 1 million tons. The fact that approximately 900,000 tons will be available at the end of 1992 constitutes a great step forward. Experts also expect to use with greater efficiency the island's 3,800 steam boilers, which use up nearly half the fuel available in Cuba every year.

The recently concluded forum reported on the arduous research work conducted in Cuba to deal with the country's material deficit, including the energy deficit. It was confirmed in the forum that Cuba efficiently utilizes the talent of its scientists and innovators, who require only more time to find solutions to many of the country's existing shortages.

Roundup of Economic Activity From 14-22 Dec

FL1812184892

[Editorial Report] The following is a compilation of fileworthy reports on economic developments in Cuba carried on Havana radio and television in Spanish between 14 December and 22 December.

Record Set in Paso Malo Fish Hatchery—The world record set by the Paso Malo fish hatchery in Bartolome Maso Municipality, Granma Province, in achieving two reproductive cycles of colosama this year. The freshwater fish from Brazil, which can reach 6 pounds in one year, is also called "freshwater pig" because it will feed on garbage. This year's fry will go to sugar complexes and agricultural enterprises to enhance food self-sufficiency. (Radio Rebelde in Spanish 1000 GMT 14 Dec 92)

Cold Weather Planting Completed—Havana Province plans to complete cold weather planting of basic crops by the end of the month. The goal for potato production is to exceed 7,000 quintals per caballeria. Four hundred thirty-nine caballerias will be planted for consumption and seed. There remain 15 caballerias to be planted in tobacco. (Radio Rebelde in Spanish 1255 GMT 14 Dec 92)

Coffee Grinding Facility Surpasses Goals—The Latin American coffee grinding facility in Boyeros Municipality, Havana City Province, has surpassed its export

and domestic consumption goals by 15 percent, 20 days earlier than projected. (Radio Reloj in Spanish 1500 GMT 14 Dec 92)

Research Head Comments on Savings From Spare Parts—Gloria Castro Gil, head of the research development sphere of (Biofarm), or Biological-Pharmaceutical Laboratory is attending the 7th Spare Parts, Equipment, and Advanced Technologies Forum being held at the Convention Center in Havana. Describing the accomplishments of (Biofarm), a newly created entity, Castro Gil says it has saved Cuba $1 million by producing products to replace imports. The institution has in production two livestock vaccines that represent almost $0.5 million dollars in imports. Castro Gil says a third, a Cuban vaccine against leptospirosis, is the only such vaccine being used in Cuba. In support of biotechnology products, Castro Gil says (Biofarm) has come up with nicotine-based soaps and creams to employ against lice, "an illness that affects the entire population to a great extent." (Radio Rebelde in Spanish 1255 GMT 14 Dec 92)

Rice Enterprise Reaches High Level of Efficiency—The rice enterprise in Sancti Spiritus has reached a high level of efficiency, saving more than 750 tons of oil by using rice hops as an alternative fuel. Eighty percent of the rice harvested has been processed in the 10 ovens currently operational. Fuel consumption since mid-September has been zero.

The rice enterprise in Consolacion del Sur has met its economic goal by processing more than 16,000 tons. Despite power outages, the 237 workers of the center overcame delays and pledge to process another 1,000 tons of rice during the remainder of the month, in honor of the 34th anniversary of the triumph of the Revolution. (Radio Reloj in Spanish 2030 GMT 14 Dec 92)

Havana Rubber Workers Production Noted—Havana rubber workers have produced 189,000 spare parts, representing a 56-percent completion of their plan and a contribution to guaranteeing transportation and other services. (Radio Reloj in Spanish 1500 GMT 15 Dec 92)

Sugar Industry Committed To Building Low-Cost Housing—Eight Havana agricultural-livestock production cooperatives (two more than last year) have harvested 700,000 quintals. The most recent is the Alejandro Rodriguez Santana in Quivican, one of the cane cooperatives that shifted to growing miscellaneous food crops during the year. Isidro Perez and Amistad Cuba-Paises Nordicos, both in Guira, also gave outstanding performances—the former with 300,000 quintals; the latter, hoping to harvest 208,000.

The same newscast reports that Las Tunas Province Ministry of the Sugar Industry is committed to build 500 low-cost housing units in sugarcane communities. Raimundo Perez, director of the ministry's construction enterprise, announces plans to finish 90 traditional housing units, repair another 2,500, and work on water systems and industrial projects for the sugar sector, to include factories to process by-products. Las Tunas now has 44 such plants. (Radio Rebelde in Spanish 1000 GMT 16 Dec 92)

Construction of Grapefruit Processing Plant Completed—The completion of construction of an Isle of Youth grapefruit processing plant. Over 38,000 tons of grapefruit have been processed into juice. The plant will produce pectin at the rate of one ton per hour when it reaches full operational capacity. (Radio Reloj in Spanish 1500 GMT 18 Dec 92)

Villa Clara Enterprise Assigned 1,500 Workers—A Villa Clara miscellaneous crops enterprise hopes to surpass its goal by harvesting 531,000 quintals on its 180 caballerias by the end of the year. Workers assigned to the enterprise number 1,500. (Radio Rebelde in Spanish 1800 GMT 18 Dec 92)

Mexican Tourism Increases—Mexican tourism to Cuba has increased this year. Mexicana de Aviacion has transported more than 62,000 passengers from Mexico to Cuba, representing an increase of almost 30 percent from 1991. (Radio Reloj in Spanish 2030 GMT 18 Dec 92)

San Antonio Farmers Set Production Record—The farmers and members of the cooperatives of San Antonio de los Banos Municipality in Havana, have set a production record by harvesting over 600,000 quintals of tubers, vegetables, and grains. Nestor Martin, the president of the National Association of Small Farmers in this locality, stated that the volume harvested surpasses by 164,000 quintals the goal for the year, and that their aim is to finish the year with over 700,000 quintals harvested.

The farmers of San Antonio de los Banos planted their land at least twice this year, according to the Radio Reloj broadcast. This has made it possible to obtain a yield of over 6,000 quintals per caballeria. Martin added that the work of the mobilized workers, the use of biological pesticides and fertilizers, and the use of animal power in soil preparation and planting were among the elements contributing to this success. (Radio Reloj in Spanish 1553 GMT 21 Dec 92)

Reduction in Book Production Viewed—The Cuban Book Institute is working hard to preserve, maintain, and develop the publishing system developed by the revolution. Book supplies have decreased from 3,000 titles and 50 million copies to 550 titles this year, including educational books. Book production has decreased 70 percent. They plan to create provincial book centers and restore the publishing houses in those provinces. They also plan to recirculate used books. (Radio Rebelde in Spanish 0000 GMT 22 Dec 92)

Vegetable Production in Holguin Province Exceeds 1991 Total—The Holguin Province People's Government President Gilberto Dominguez has announced that tuber and vegetable production in Holguin Province for 1992 exceeds that of 1991 by over 700,000 quintals. Dominguez, also a Central Committee member, said that over 75 percent of the land in the province that can

be farmed is planted in food crops, and that this should lead to even greater production in 1993. He said there are close to 12,000 hectares planted in miscellaneous food crops under irrigation, and pointed out that over 5,300 hectares that used to be planted in cane are now planted in grains, tubers, and vegetables to increase the food crops available to the population. (Radio Rebelde in Spanish 1000 GMT 22 Dec 92)

Eight Sugar Refineries Operate in Camaguey—Camaguey now has eight sugar refineries in operation, more than half the sugar refineries in the province. The refineries that are processing cane are: Jesus Suarez Gayol, Siboney, Alfredo Alvarez Mola, Carlos Manuel de Cespedes, Argentina, Noel Fernandez, Haiti, and Candido Gonzalez. They hope to get the Republica Dominicana and Batalla de las Guasimas Mills running by the end of the year. The remaining four mills begin operation in January. The sugar harvest is progressing in an 'acceptable' manner, although more cane needs to be delivered to the refineries to increase processing efficiency. (Radio Reloj in Spanish 2041 GMT 22 Dec 92)

Las Tunas Province Meets Sugarcane Planting Goal—Las Tunas Province has met its goal by planting more than 1,243 caballerias of sugarcane, the highest amount of any province in the second half of the year. With the help of mobilized workers, sugar workers have been able to weed more than 56,000 caballerias of canefields and replant another 4,356 caballerias this year. (Radio Reloj in Spanish 2048 GMT 22 Dec 92)

Alberto Delgado Cooperative Workers Harvest Viewed—The Alberto Delgado Cooperative in Perico, Matanzas Province, have harvested more than 300,000 quintals of agricultural products in the current year. The figure includes 182,000 quintals of plantains, 79,000 quintals of rice, 18,000 quintals of boniato, and 20,000 quintals of various kinds of vegetables. (Radio Reloj in Spanish 2050 GMT 22 Dec 92)

Modes of Production in Sierra de Cubitas Enterprise Noted—The Sierra de Cubitas Enterprise in Camaguey Province tends its crops with the use of animal power. Tractors are used only to prepare the soil. The enterprise has harvested more than 268,000 quintals of plantains this year, using approximately 200 ox teams. The enterprise has 222 tractors, 80 of which are no longer in use. Microjet irrigation is used on 23 caballerias, for yields of approximately 12,000 quintals per caballeria. (Radio Reloj in Spanish 2055 GMT 22 Dec 92)

Haiti

Student Federation Rejects Rector's Latest Measures

FL2212221792 Port-au-Prince Radio Metropole in French 1145 GMT 22 Dec 92

[Text] The latest measures by the university rector are being contested by FENEH [National Federation of Haitian Students]. In a news conference on 21 December, the students of the federation say they do not intend to apply for the new identification card recommended by Gerard Bissainthe. The students of FENEH assert that the rector's decisions appear to be exactly like a Duvalier order aimed at stopping the student movement in 1960. Edner Jean has the following report:

[Begin Jean recording] The boards have been dispersed, but mobilization remains within the student organizations. Instead of the Faculty of Sciences, it is the Faculty of Human Sciences that held the news conference. It was an opportunity for the students to respond in kind to the latest measures announced by the university's rector, Gerard Bissainthe, to place the Teachers Training College and the Faculty of Sciences under the rectorate's direct supervision; to require identification cards for students by 8 January; and to strictly control the attendance of students and teachers in the classrooms. According to the student organizations, this order evokes eerie memories of the 16 December 1960 order by Francois Duvalier to destroy the movement of the faculties against his dictatorship. Referring to Article 280 of the 1987 Constitution, which in its transitional provisions proclaimed the autonomy of the State University of Haiti, the speakers called these measures arbitrary and considers them provocative maneuvers by the current power against the students' struggle.

FENEH, KILE [expansion unknown] and the Inter-Faculty Coordination calls for a boycott of all initiatives by the rectorate and the Ministry of National Education.

[Begin unidentified student recording in Creole] It must be understood that the call for students to reregister at the rectorate today is for the dark forces to establish new files on the university students, while all the faculties already have the necessary information regarding the status and occupation of all the students regularly registered, who passed the admission tests to those universities. It was in this same spirit that they dismissed the elected boards of directors and recently established the practice of having teachers pick up their paychecks in the rectorate. The coupist have entrenched themselves in that position. The situation is that this board of directors has no control over the professors. Some professors who do not come to teach at the faculty still collect their pay checks every month at the rectorate. Our autonomy calls for the participation of all partners within the university community. In this institution's administration, we do not deal with dictatorship, and we will not buy into that trap. [end recording]

[Jean] Regarding the formation of the new student association FIDEH, the International Federation of Haitian Students, the speakers state that this puppet federation was a pure creation of Rector Gerard Bissainthe aimed at sowing confusion among the students. They reiterate their support of the dismissed directors and the students in difficulty. [end recording]

Faculty Seals Removed; Students To Pick Up ID Cards

FL2212225492 Port-au-Prince Radio Metropole in French 1700 GMT 22 Dec 92

[Excerpt] The university rectorate announces that the seals were removed on 19 December at the Faculty of Sciences and at the Teachers Training College. Due to current repairs, the buildings of both institutions will be closed to the public until further notice.

The students who have filled out application forms in the rectorate of the state university, are advised to pick up their student cards in the rectorate. In addition, all students from the different academic years are notified that a central file will be maintained for them in the rectorate office, which will provide them access to national and international scholarships and other advantages. They are invited to present themselves with proof of registration at the registration office of the State University of Haiti in the Marie-Jeanne School.

Furthermore, according to the rectorate notice, 3,000 new students will be accepted into three new courses of higher studies. technology and computer science; teaching and school administration; and business and management. Registrations will be held at the Marie-Jeanne School on 28, 29, and 30 December, from 1500 GMT to 2100 GMT. This notice includes the high school graduates who have not yet been registered at the State University of Haiti. [passage omitted].

Caputo Gets 'Positive Results' From Visit

FL2212204592 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 22 Dec 92

[Text] The special representative of the UN secretary general in the Haitian crisis, Mr. Dante Caputo, said that his first visit to Haiti has produced positive results. In a statement to the press on 21 December after he spent 2 days in the country, Caputo denied that OAS Secretary General Baena Soares did not support the UN secretary general's appointment of the Argentinian diplomat as his special representative in the Haitian problem. Dante Caputo, who has held this office since 11 December, said that on the contrary, the OAS is working jointly with the United Nations in order to resolve the Haitian crisis.

During this visit which began on 19 December, Mr. Caputo met with several personalities who are involved in the country's crisis. Those personalities include the prime minister, the coordinator of the presidential commission, and the commander in chief of the Army. The Argentinian diplomat met as well with the president of the Senate, the president of the Chamber of Deputies, the National Reconstruction Movement leader [Rene Theodore], and the head of a human rights organization close to the ousted president.

According to some sources close to the United Nations, Caputo's visit to Haiti may be followed by many other trips to the capitals of several foreign countries beginning this January. The information that Mr. Caputo receives during these trips should allow the UN secretary general to present a report to the general assembly in February on the resolution that the United Nations voted on Haiti on 24 November. They [not further identified] said that this resolution requested the United Nations to join with the OAS to seek a solution to the crisis which has been wreaking havoc in Haiti for 15 months.

FNCD Deputies Denounce Alleged Murder Plan

FL1812170892 Port-au-Prince Radio Metropole in French 1700 GMT 17 Dec 92

[Text] The group of deputies from the North, members of the National Front for Change and Democracy, FNCD, demands the restoral of the ousted president to his functions. These parliamentarians met with the press on 16 December and said that they were worried about the crisis situation in the country. They severely criticized the Army, the consensus government, the members of the Supreme Court, and some church dignitaries. Ansy-Rose Resignac filed the following report:

[Begin recording] [Resignac] While a new Permanent Electoral Council, CEP, has been set up in view of the coming elections in Haiti, two years ago, on 16 December 1990, Haitian voters were going to vote to elect a president, a parliament, mayors, and some councils for communal sectors. Two years later, some parliamentarians seem to regard the country's future as black. They say that they are worried.

According to Jean Mandenave and Jude Marie Jacinthe, two FNCD deputies representing, respectively, the Limonade and Palisance constituencies, the people voted in vain against anarchy and corruption in 1990. The FNCD deputies deplore the fact that today the country is still living under the sadly infamous regime of a government without popular basis. An immoral government, they state, issued from an upside-down and unnatural alliance, the ANDP [National Alliance For Democracy and Progress], which is taking the country to rock bottom by repeating the Duvaliers' shameful exploits.

The FNCD deputies are warning Prime Minister Bazin and Senators Dejean Belizaire and Serge Gilles, who, according to them, want to avenge the ANDP for losing the 16 December 1990 elections.

[Unidentified deputy, in Creole] [word indistinct] after December 1990, our people still want democracy to be born again. Anyone who does not agree that democracy should be restored, anyone who does not agree that the democratic order should be restored, meaning that Aristide returns to his function, and who would want the collapse of our banking system so that Haiti becomes like Somalia....[pauses] we will not forget to also denounce, as Deputy Fignole said, the maneuvers of the Alliance bloc, which forms its Personal Electoral Council to hold

elections in order to have two-thirds in each chamber, so that they try Father Aristide. [sentence as heard].

If that is the way that the ANDP of Marc Bazin, Dejean Belizaire, and Serge Gilles wants to avenge the 16 December elections, we are warning them. They must not dig their fingers deeper into the people's eyes. Once more, we renew our democratic commitment to struggle without violence so that democracy is restored within the law as provided for in the 1987 Constitution.

[Resignac] The FNCD parliamentarians also note that some leaders of the Catholic Church openly favor the coup d'etat, while some priests have been arrested. Shame covers the national institutions, especially the Supreme Court, say Jean Mandenave and Jude Marie Yacinthe. Those judges, beneficiaries of the coup d'etat, they say, remain under the control of the executive and mix law with politics. They ask the judges in the Supreme Court to pull out their representatives from the Permanent Electoral Council.

The Limonade and Plaisance deputies finally denounce a plan by the current government to kill, during the Christmas season, some FNCD political leaders, some deputies and senators, some university people, and some militants of grassroots organizations, faithful to the 1990 ideals. [end recording]

UNDH Calls For New General Elections

FL2212203992 Port-au-Prince Radio Metropole in French 1700 GMT 21 Dec 92

[Text] Jean Theagene, from the National Union of Haitian Democrats, UNDH, has called Bazin's government a failure. He denounced the imminent threat of social explosion and called on Prime Minister Bazin to resign.

To any political problem, a political solution is required, he said in a letter released today. Power in Haiti has had the top men removed from it. The political class wonders which executive Mr. Bazin claims to lead. A dangerous, unbearable constitutional vacuum has been created, Theagene said, and it opens the way for adventurism and anarchy. For the nation not to die, the UNDH proposes that power be returned as soon as possible, in conformity with article 149, to the president of the Supreme Court who will hold general elections.

Theodore Holds News Conference; Criticizes Government

FL2212204192 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 21 Dec 92

[Text] 19 December marks the sixth month since the Consensus Government was installed to lead the Haitian executive. On that occasion, the National Reconstruction Movement held a press conference to discuss the accomplishments of the government and to give its opinion on the country's political life.

Speaking at the press conference, Rene Theodore said that while the government has been in power for 6 months, it has not managed to complete any of the promises it made. There are no jobs, the crisis is not resolved, and the cost of living has risen. In view of these factors, Mr. Theodore declared that the Villa d'Accueil government is a failure.

[Begin Theodore recording] The negotiations have failed (?from the start) because while acting as prime minister, Bazin has sought a means for himself to remain in power instead of negotiating a solution to the crisis which is gripping the country. He promised to create jobs; to create 100,000 jobs; jobs and jobs; but no results [have been forthcoming]. Six months have now gone by; I do not see jobs. They are taking the state's money and are giving it to Movement for the Establishment of Democracy in Haiti [MIDH] and the Nationalistic and Progressive Revolutionary Party of Haiti [PANPRA] members, their friends, and their families so they can escape [as heard] again. [They are acting] as if the National Alliance for Democracy and Progress government, that is the PANPRA, the MIDH, and so on are putting their hands in the pockets of all citizens in order to take all their money. [end recording]

Saint-Fort: Criticisms Must Not Be Biased

FL2212204392 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 21 Dec 92

[Excerpts] Deputy Denis Saint-Fort says that he is not defending a government, but that he will support all those who are defending the country's interests. The criticisms against the government must not be biased, according to Deputy Saint-Fort who believes Marc Bazin has made mistakes as well as done good things.

[Begin Saint-Fort recording] If I tell you that Mr. Bazin's government has not made mistakes, I would be lying. I do not have the right to lie. He has really made mistakes. However, if one is criticizing only one side, then I think the criticism is biased. But you must consider that actually I always say that I am not defending Mr. Bazin. I will side with someone who can help the country move forward. [passage omitted]

As I told you, Marc Bazin has made mistakes. However, [words indistinct] there is a lot of things that could be done if there was not the embargo. [passage omitted] [end recording]

New Student Organization Formed

FL1812220592 Port-au-Prince Radio Metropole in French 1700 GMT 18 Dec 92

(Text) A new student association is born. The International Federation of Haitian Students, FIDEH, [Federation Internationale Des Etudiants Haitians] has as a goal to unify all the students for their collective welfare and to form a university satisfying their aspirations. In a note to the other student organizations and to the students, the authors of this initiative, Julien Jonatan, Prophete Gardy, and (Florisme Telson) assert that the country needs more organizations with new goals.

According to the FIDEH committee, constructive dialogue is indispensable.

Costa Rica

U.S. Attache's Son Implicated in Shooting Incident

PA2212032992 Paris AFP in Spanish 0249 GMT 22 Dec 92

[Text] San Jose, 21 Dec (AFP)—A Costa Rican youth of Italian descent was shot to death on 20 December by the son of Carlos Ancona, U.S. military attache in Costa Rica. The police announced on 21 December that investigations are under way to determine whether the shooting was an accident or a crime.

According to authorities, the incident occurred at the attache's residence in Escazu on the western outskirts of San Jose. Four youths were playing with a 9-mm pistol, which was set off by David Ancona resulting in the death of [name indistinct] Sancini.

The diplomat's son was held under arrest for several hours at Judicial Investigation Agency headquarters but was later released at the request of the U.S. Embassy, which has made no comment on the case.

Jose Mena, the Sancini family attorney, said the family would like to have the case remitted to Costa Rican courts. He acknowledged, however, that this is unlikely because of diplomatic immunity.

El Salvador

Army Announces Demobilization of Tecana Battalion

PA2212235592 San Salvador TCS Television Network in Spanish 1200 GMT 22 Dec 92

[Text] Over 500 men from the 2d Infantry Brigade's counterguerrilla Tecana Battalion were demobilized as part of the Salvadoran Army's reduction.

The Tecana Battalion was created in 1982 to combat the Salvadoran guerrillas, but in keeping with the pledges made by the Armed Forces, those troops who have completed their time in service are being discharged. The remainder will finish their terms in the 2d Infantry Brigade. Colonel Carlos Rolando Herrarte, commander of the 2d Infantry Battalion based in Santa Ana, said the following:

[Begin Herrarte recording] In accordance with the Armed Forces' institutional reorganization, the counterguerrilla Tecana Infantry Battalion has been dissolved and its personnel are being reorganized within the various units of the 2d Infantry Brigade Command. [end recording]

Col. Herrarte thanked the men for responding to the Army's call, which has resulted in an atmosphere of democracy in El Salvador.

[Begin Herrarte recording] I also wish to tell you that you and your fighting comrades are the true heroes of this story that has just ended. [end recording]

Col. Herrarte outlined the process and said he believes it is being fulfilled. However, he also made certain observations about the Farabundo Marti National Liberation Front's [FMLN] surrender of weapons.

[Begin recording] [Herrarte] I am sure the FMLN has not surrendered certain weapons.

[Unidentified reporter] Do you believe other weapons will be found [words indistinct] next year?

[Herrarte] That is possible because a part of the FMLN's large arsenal has not been surrendered. [end recording]

The unit banner was presented at the end of the ceremony, and all the troops surrendered their weapons to prove their desire to leave the war behind. These men are leaving the military life trusting in God that the weapons they surrendered on 22 December will never again be used. They will rejoin their families and lead the lives of family men.

FMLN Denies Selling Weapons to Guatemalan Rebels

PA2312044392 San Salvador EL MUNDO in Spanish 21 Dec 92 p 6

[Text] The Farabundo Marti National Liberation Front [FMLN] denied over the 19 December weekend that they are selling weapons to the Guatemalan National Revolutionary Unity [URNG] guerrilla group.

Former FMLN Commander Damian Alegria said reports that the FMLN is arming the URNG are nothing more than a distortion campaign by the Guatemalan Government.

"It would come as no surprise to us if [Guatemalan President Jorge] Serrano Elias made that report about weapons for the URNG. He is trying to link the FMLN with the weaponry of the neighboring nation's guerrillas," Alegria indicated.

According to Alegria, there is no solid evidence to back up the accusations made by the Guatemalan president during the celebration of the Cease of the Armed Conflict held on 15 December. The accusation was reiterated over the 19 December weekend by the Guatemalan Army.

The former guerrilla added that the FMLN has handed over a weapons inventory to the United Nations, and little by little those arms are being destroyed. "Where are we going to get war material to give to the URNG if our weapons are being destroyed? The Guatemalan Government's position is false," Alegria stated.

For the FMLN, the inventory of its military arsenal demonstrates that they are not arming the Guatemalan

guerrillas. The FMLN reiterated that reports to that effect are nothing more than a distortion campaign.

FMLN Party Elects National Directorate

PA2312041592 San Salvador TCS Television Network in Spanish 1200 GMT 22 Dec 92

[Text] The Farabundo Marti National Liberation Front [FMLN] has established a new life in the new phase El Salvador is experiencing. It has ceased to be a guerrilla front and has become a legally registered political institution. The party's founding fathers elected a National Directorate at a general assembly held on 21 December.

[Begin recording unidentified guerrilla] It was the duty of this national assembly of founders to elect the FMLN party's national council. A national council has been elected and it is made up of 50 members of the FMLN. [end recording]

Former FMLN Commander Jorge Shafik Handal was rather pleased at being elected general coordinator.

[Begin Handal recording] We are beginning our legal life as a political party at a time when the political race is virtually under way in our country. In the course of the March 1994 elections, a new government, legislative assembly, and municipal councils will be elected. [end recording]

The FMLN leadership will go to the Supreme Electoral Tribunal on 22 December to inform the justices of the resolutions adopted on 21 December and to give those resolutions the legal status they deserve.

Democratic Convergence Presents Political Program

PA2212151292 San Salvador Radio Cadena YSU in Spanish 0000 GMT 21 Dec 92

[Report by Eric Lombardo Lemus]

[Text] On 20 December Democratic Convergence [CD] launched its political program in preparation for the March 1994 elections.

Mario Aguinada Carranza, from the Nationalist Democratic Union, now a member of the CD, said the program includes an alliance of the country's center and left-wing forces. The objective is to attain a balance of forces at the Legislative Assembly and municipal councils, as well as at the executive branch, if possible.

The program is entirely political in nature because it is necessary to defend the primary needs of the Salvadoran people and overcome poverty, Aguinada said.

The ideological and political principles of the 1980's have been left behind. The alliance with the Farabundo Marti National Liberation Front [FMLN] and the signing of an agreement with the Christian Democratic Party will be a vital point in the efficiency of the plan.

[Begin Aguinada recording] Our leaders held a meeting and called on the FMLN and the National Revolutionary Movement to unite. We are also anticipating a second round pact with the Christian Democrats because we are sure there will be no winners in the first round for the presidential race. If the Christian Democrats enter the second round, we will support them and we will form a cogovernment. If we, the leftist groups, enter the second round, we will reach a pact with them and we will form a cogovernment. Why? El Salvador, in 2000, is not going to be led by a single force, by a single group, or by a single class. A concerted effort and a joint government is necessary. There is no other path. [end recording]

For politically strategic reasons, the Christian Democratic Party will be included in the political program in the last stage during the second round of the presidential elections, Aguinada revealed.

[Begin recording] [Aguinada] We think it is advisable to do it this way. They are not thinking about [words indistinct]. Secondly, it is advisable because of the system of proportional representation. If the entire opposition was represented as a single bloc, the Nationalist Republican Alliance and our party would polarize the elections. The residual votes, which elect nearly 50 percent of the deputies to the Legislative Assembly, would be lost to the Authentic Christian Movement, the National Conciliation Party, or the National Solidarity Movement. That is why it is better to [words indistinct] the residual votes. That is a possibility for both the left-wing parties and the Christian Democratic Party. In electoral terms, it is not advisable to run as a single bloc.

[Unidentified reporter] Are there divisions within certain political forces?

[Aguinada] What we want is unity. Of course there are divisions, but this is part of the reorganization. As politicians, we have to seek the best solutions that will contribute to unity. At this stage of the game, left-wing leaders should not try to follow individual paths.

[Reporter] [Question indistinct]

[Aguinada] Our program is very well drafted. The conduct of the rest of the group remains to be established. For example, I hope the five FMLN parties—the FMLN does not have a unanimous force—join us. We will have to wait. We are drafting a plan for the participation of independent sectors that will commit themselves to a new government plan, as well as left-wing groups. [end recording]

This government plan seeks to become the total expression of the people. It calls for a massive coalition with the democratic forces, where differences are left behind and groups unite under a single proposal for the solution of the problems of the majority. We have to wait and see how effective it is for the 1994 elections.

Honduras

Relatives of Convicted Hondurans Threaten Americans

PA2312011992 Panama City ACAN in Spanish 0022 GMT 23 Dec 92

[Text] Tegucigalpa, 22 Dec (ACAN-EFE)—On 22 December, relatives of Honduran Jose Roberto Villafuerte, who has been sentenced to death in the gas chamber in Arizona, threatened to murder Americans in Honduras if the sentence is fulfilled.

The execution has been scheduled for 29 December, but Jose Roberto's brother, Juan Villafuerte, warned that if Jose Roberto is killed, "his relatives and friends will carry out the eye-for-an-eye and tooth-for-a-tooth law against Americans."

Jose Roberto's relatives say they believe his pleas of innocence in the murder of a waitress who was his lover in the United States.

Villafuerte's brother criticized President Rafael Callejas for "abandoning Hondurans who are in trouble abroad."

"We have decided that if Jose Roberto is executed, we will do the same to Americans," Juan Villafuerte emphasized.

The convicted man was a member of a Honduran Army battalion charged with the disappearance of over 100 political opposition members in the early eighties, and in 1989 he traveled to the United States seeking a job.

In a statement from his prison to "Radio America" in Tegucigalpa, Villafuerte displayed resignation, fearing only that "death may come slowly," and he asked his former coworkers on the police force "not to practice torture."

Armed Forces Announce Changes, Transfers

PA2112200992 Tegucigalpa LA TRIBUNA in Spanish 19 Dec 92 p 3

[Communique issued by the Armed Forces Public Relations Directorate in Tegucigalpa on 18 December 1992]

[Text] The Armed Forces Public Relations Directorate informs the nation of the following organizational appointments agreed upon by the High Command:

1. As recommended to the president of the Republic by the commander in chief of the Armed Forces, Brigadier General Lazaro Avila Soleno is transferred from chairman of the Joint Chiefs of Staff to Defense and Public Security minister.

2. In compliance with the authority conferred by Section III on duties, Article 37 of the Constitutional Law of the Armed Forces, Division Gen. Luis Alonso Discua Elvir, Armed Forces commander in chief, has issued the following organizational agreements:

a. Brig. Gen. Reynaldo Andino Flores, from commanding general of the Navy to chairman of the Armed Forces Joint Chiefs of Staff.
b. Brig. Gen. Jose Guillermo Paredes Hernandez, from commanding general of the Public Security Forces to commanding general of the Army.
c. Navy Captain Bruno Giordano Fontana H., from chief of staff of the Navy to commanding general of the Honduran Navy.
d. Infantry Colonel Mario Raul Hung Pacheco, from chief of staff of the Army to commanding general of the Public Security Forces.
e. Brig. Gen. Jose de Jesus Banegas Medina, from commanding general of the Army, to finance officer of the Armed Forces.

3. The following officers have been confirmed in their posts: Brig. Gen. Oscar Filander Armijo Ucles, inspector general of the Armed Forces, and Brig. Gen. Hector Castro Cabus, commanding general of the Honduran Air Force.

4. These are routine appointments with the purpose of improving the Armed Forces functional and operational capabilities.
[Issued] Tegucigalpa, 18 December 1992
[Signed] Public Relations Directorate of the Armed Forces

Nicaragua

Minister Mendieta on Union Leader's Murder

PA2312030792 Managua LA PRENSA in Spanish 21 Dec 92 p 20

[By Roberto Orozco]

[Text] Government Minister Alfredo Mendieta made a statement on 20 December that confirmed LA PRENSA's report on its own investigations into the murder of Arges Sequeira Mangas.

The participation of a former member of the old General Directorate of State Security [DGSE] in this crime was one of the elements of the LA PRENSA report that Mendieta confirmed.

Mendieta said the Sequeira murder "could have been committed by a former Sandinist People's Army [EPS] soldier and a former member of the defunct DGSE." He made the statement on 20 December while he and President Chamorro were visiting the communities of Pio XII and Nandasmo.

In earlier issues LA PRENSA reported that El Sauce Police had arrested a former DGSE member, whom a witness had accused of murdering Sequeira. The witness told the authorities that she knew the suspect very well and that he was a "hired killer."

The suspect was arrested because he walks with a limp and otherwise matches the physical description of one of Sequeira's murderers. Many witnesses of the crime gave police that description.

The suspect served in the DGSE for eight years and reached the rank of lieutenant. One of his cousins said he excelled in the operations department of the DGSE.

It was not until 20 December that the government minister officially disclosed that someone had been arrested and was under investigation "until every possibility of participation is discarded".

A former EPS soldier was arrested along with the former member of the DGSE, but during the investigation no proof of his participation in the 23 November Sequeira murder was found.

Without going into details, Sequeira said that several other people are under investigation, but cautioned that these are only routine investigations.

Mendieta reiterated that the investigations are "on the right track," adding that Spanish investigators Ricardo Sanchez and Manuel Garcia went back to Spain with some evidence—slugs and empty shells—to be examined in criminal laboratories there.

Sanchez and Garcia will spend the Christmas holidays with their families and return to Nicaragua in January to continue the investigation and follow the case through to the end.

Mendieta said a deadline cannot be set for this investigation because "we have to be very careful, since this is the most serious case this government has ever handled".

Panama

Attorney General Orders Arrest of Customs Director

PA2212180492 Panama City Telemetro Television Network in Spanish 1730 GMT 22 Dec 92

[Text] Attorney General Rogelio Cruz Rios has declared Customs Director Rodrigo Arosemena is in contempt regarding the ongoing hearings against Arosemena on charges of abuse of authority and violations of the civil rights of Mr. Jose Angel Terrientes. In light of this, Cruz decided to apply the punishment defined in Article 364 of the Judicial Code, which calls for a four-day jail term.

In a note addressed to Jaime Abad, the director of the Judicial Technical Police [PTJ], the attorney general requested the arrest of Rodrigo Arosemena, who is to be escorted to the Modelo Jail.

The PTJ, meanwhile, has issued no official reports regarding the arrest of Customs Director Rodrigo Arosemena. It is not known if he has been to his office, and, at this time, his whereabouts are unknown.

Communique Issued

PA2212225492 Panama City Circuito RPC Radio in Spanish 2205 GMT 22 Dec 92

[Report by unidentified station announcer]

[Text] We have just received information from the Judicial Technical Police [PTJ], which has issued a communique for the national and international press. The document is signed by PTJ Director Jaime Abad and states the following:

Mr. Attorney General, I hereby inform you that in fulfillment of your memorandum dated 22 December, the PTJ has arrested [Customs Director] Rodrigo Arosemena.

With regard to holding him at Modelo prison, I believe Mr. Arosemena has distinguished himself as an exemplary government employee in the leading role he has played in the struggle against drug trafficking.

I believe it would be a mistake—PTJ Director Jaime Abad says—to send him to the public jail where the same criminals he put behind bars are being held. Therefore, I am respectfully informing you that Arosemena will remain at the PTJ facilities, and I will convey this decision to the honorable Supreme Court of Justice.

Another outstanding issue in this press communique is that Alvin Weeden, Rodrigo Arosemena's attorney, filed a writ of habeas corpus a few hours ago at the Supreme Court of Justice to reverse the attorney general's decision to keep the customs director in jail.

Argentina

Di Tella on UK Fishing Talks, Brazil, Mercosur

PY2212154792 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2117 GMT 22 Dec 92

[Text] Buenos Aires, 21 Dec (NA)—Foreign Minister Guido di Tella stated today that the difficulties experienced in the current negotiations on fishing with Great Britain "will not have any negative impact" on the visit that President Carlos Menem intends to make to the United Kingdom next year.

"The negotiations being made to prepare President Menem's visit are completely different from the situation prompted by the negotiations on fishing in the South Atlantic," Di Tella said in an exclusive conversation with NOTICIAS ARGENTINAS.

President Menem will visit Great Britain during the last quarter of 1993, and as part of the preparations the foreign minister will meet next month in Buenos Aires with his British counterpart Douglas Hurd.

The Argentine foreign minister said that negotiations with Great Britain on fishing will continue after the meetings held on Thursday and Friday in Buenos Aires.

He said that the government "is nevertheless willing to increase fishing in the South Atlantic, and with that objective it will continue granting licenses. We are going to grant them in a separate manner or within a set of other measures, and that is what we are doing."

Di Tella said that the chartering issue which allows other ships to fish squid in jurisdictional waters "represents a total change in the fishing policy, and clearly shows that Argentina wants to definitely disregard all those rules and prohibitions that prevented us from using our fish resources."

He said that with the more flexible fishing system created by the decree issued last 20 [word indistinct], Argentina has demonstrated before the international community that "it has decided to carry out fishing activities in its jurisdictional waters, and this undoubtedly changes the geopolitical system in the South Atlantic."

Referring to economic relations with Brazil, he said that the neighboring country "has objectives very similar to ours," although he admitted that there is "some type of delay in their implementation."

He also expressed his conviction that in the near future Brazilian officials will reduce the level of subsidies to exports "because, it is said, they have no money to keep them up."

He said that the main problem in the development of Mercosur [Common Market of the South] stems from the delay Brazil is experiencing in some economic areas, although he added that current government officials "are perfectly aware of this, and are convinced that this must be overcome."

When asked about the different positions on international policy maintained by Argentina and Mexico within the context of the OAS and the Group of Rio, Di Tella said that "they are normal, and there is no dispute over some sort of hegemony within the region."

He admitted, however, that the two countries have totally opposed positions concerning the Cuban case, and that for the time being "there is no chance of working together."

Trade Talks With Brazilian Economy Minister Noted

PY23 '2024592 Buenos Aires CLARIN in Spanish 22 Dec 92 p 23

[Text] The Brazilian and Argentine economy ministers have held secret meetings in Buenos Aires to negotiate a solution to the large trade imbalance between the two countries.

The two ministers maintained opposing positions and were unable to reach an agreement because the Brazilian minister insisted that his country will maintain its aggressive export policy.

Another reason is that Brazilians think a good part of the problem affecting the two countries' bilateral trade is caused by the unrealistic high prices of Argentine currency and not by imbalances in Brazil.

During a private and closed-door meeting with the Brazilian minister this weekend, Domingo Cavallo expressed concern over the tide of subsidized products that enter the country from Brazil.

Pablo Haddad, planning minister and acting finance and economy minister, answered that his country will maintain the present rules of the game to encourage his country's industrial production.

Haddad did not recognize that Brazil subsidized its exports and insisted that his country will give priority to growth over the strategy for stabilization and economic adjustment maintained by Argentina.

Haddad arrived in Buenos Aires shortly after midday on 20 December and met with Cavallo during the night. The meeting took place at the luxurious and expensive French restaurant Le Relais located on Figueroa Alcorta and Tagle Streets, a few blocks away from Cavallo's residence.

Minister Cavallo confirmed his meeting with Haddad to CLARIN, admitting that he and Haddad discussed the two countries' trade imbalance.

Haddad was accompanied by the Brazilian ambassador to Argentina and the Brazilian Economy Ministry's chief

adviser. Cavallo was accompanied by Juan Schiaretti, commerce and industry secretary .

Schiaretti's presence was strictly related to problems in the car industry. Brazilian car company branches in Argentina imported Brazilian spare parts and cars and are now refusing to compensate for this hard currency expenditure by exporting Argentine goods.

This was the single point where Haddad showed flexibility to Cavallo's demands. He admitted that Brasilia was committed to improving exchanges in the area of car manufacturing. Brazilian Foreign Minister Fernando Henrique Cardoso himself had hinted as much a few weeks ago.

Haddad said that his government would be willing to reduce duties on Argentine cars to improve the export capacity of the Brazilian car company branches in Argentina.

Schiaretti did not participate in the central discussion on the trade imbalance problem between the two countries. Schiaretti accepts the entry of Brazilian products, a position that contrasts with the concerns expressed by Cavallo.

The trade balance between Brazil and Argentina is heavily tipped in favor of Brazil. Argentina's annual trade deficit with Brazil reached $1.5 billion.

The greatest concern is the result of, among other things, the increasing breach between the peso and the cruzeiro: The peso is constantly revaluated while the cruzeiro is devaluated in respect to the dollar.

Haddad's unyielding position is in contrast with Cavallo's position due to a simple reason: Brazil maintains the strategy of a high trade surplus even in the midst of one of its worst political and economic crises. So far this year Brazil has had a trade surplus of nearly $15 billion.

Argentine foreign trade, meanwhile, is in a very fragile position. The country's trade deficit will reach some $2 billion.

Bolivia

Amnesty for Illegal Residents Studied After Argentine Move

PY1812234292 La Paz Television Nacional Network in Spanish 1700 GMT 18 Dec 92

[Text] The amnesty document that benefits illegal residents in Bolivia, Peru, and Argentina is being studied at the Immigration Department with a view to implementing this humanitarian measure.

Immigration Director General Ronald Gimenez met diplomats from friendly nations to brief them on the 90-day amnesty that has been granted to foreign residents in Bolivia, hoping that Bolivian citizens abroad will be given the same treatment.

[Begin Gimenez recording] This was a very important meeting because we have exchanged opinions and were able to study the amnesty decree, which is a legal document. At the same time we coordinated actions to make things easier for the foreign residents who have to get information first at immigration offices throughout Bolivia and then at the consulates of their home countries.

This amnesty is a humanitarian measure because it allows foreign citizens to exercise the same rights that legal foreign residents are granted by Bolivian law. It is also a response to the broad amnesty that Bolivian citizens are enjoying in Argentina. More than 200,000 Bolivians will benefit from the amnesty in Argentina, and according to the latest news we have received from our consulates there thousands of Bolivian citizens have shown up at Argentine immigration offices and everything is going smoothly. [end recording]

Brazil

Collor's Tactics Seen as Bid for Political Asylum

PY2212175492 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 22 Dec 92

[Text] The prosecuting lawyers in the impeachment process fear that suspended President Fernando Collor may attempt to again delay the impeachment session. The lawyers know that Collor may create more legal obstacles in order to again delay the impeachment scheduled for 29 December. The prosecution, which is certain that none of these actions will help the defense, are now working on the possibility that Collor is creating the conditions for obtaining political asylum abroad. Prosecution lawyer Fabio Konder Comparato said the following:

[Begin Konder Comparato recording] Apparently the suspended president wants to create the conditions for being considered a political victim, and therefore obtain abroad the status of political exile. Why is he doing this? Because if he were sentenced for common crimes by the Federal Supreme Court, he could be extradited, whereas as a political exile he cannot be extradited. These maneuvers are therefore aimed at showing the world that he is being persecuted for political reasons, and not for common crimes. [end recording]

Collor Held in Contempt of Court

PY2212183292 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 22 Dec 92

[Report by Alexandre Garcia from the Senate in Brasilia]

[Text] The possibilities that the impeachment might again be delayed are now very few, given that Collor has been held in contempt of court. He can no longer participate in the judgment. He may not be notified of the date for the new impeachment trial, and does not even have the power to dismiss the court-appointed lawyer. He can appoint another lawyer, but the lawyer appointed by the court must continue on until the end. If

some witnesses fail to appear, the court-appointed lawyer can even dismiss them.

A short while ago Federal Supreme Court President Sidney Sanches, who is presiding over the impeachment, said that he will adopt stricter measures in order to avoid delaying maneuvers. He said that the dismissal of the defense lawyers from the case of impeachment, but not from the lawsuit against Collor for common crimes, constitutes an obvious maneuver of the kind he will try to avoid from now on.

Collor Issues Statement on Actions Regarding Trial

PY2212235992 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Dec 92 p 4

["Text" of statement released by suspended President Fernando Collor on 21 December]

[Text] "To the Brazilian people:

"The Brazilian nation has witnessed my unyielding faith in democracy. Strictly complying with democratic procedures, I have covered each stage of the tribulations to which my family and I have been submitted.

"I was the victim of an unprecedented smear campaign in the history of Brazil. Rather than raising obstacles to the full exercise of democratic liberties—press freedom, freedom of expression, and freedom of opinion—I have preferred to coexist with the excesses provoked by my adversaries.

"I refused to resort to the traditional Brazilian political instruments to impede the investigations into my actions. The search for truth has always been my best defense.

"Like any other citizen, I struggled to have my rights respected. They have nonetheless been strongly curtailed, as all Brazilians know.

"I have been removed from the presidency through a summary trial that was concluded in a pre-electoral atmosphere, which was out of keeping with the impartiality that is necessary in a trial involving such responsibility. Everything was done in a rush, with a series of infractions in which the most essential rules of proceedings were violated. The trial is not even over. A request for an injunction, which is essential for clarification of truth, still remains to be considered by the Supreme Court.

"Today, on the eve of my trial, the Brazilian nation is witnessing yet another threat against my rights. Political pressure of all kinds is being exerted on senators, at a time at which they need impartiality and serenity for playing their role of judges.

"A presidential term that was won with the ballot boxes should not be judged this way. The political rights of a citizen should not be jeopardized this way.

"For years now, the Brazilian people have been submitted to the arbitrariness of special tribunals. I cannot allow this situation to once again disturb the democratic process.

"I have confidence in the integrity of my judges, but I cannot agree with the attempt by those who are circumstantially powerful to pressure Senators, for the purpose of forcing them to execute a sentence that has already been issued.

"Consequently, after deep meditation, I decided not to report—either personally or through my lawyers—to the tribunal installed at the Senate.

"I demand minimum conditions. I demand the right that is recognized to everyone: a just, impartial judgment in an atmosphere that is not influenced by the emotions of the game of political interests.

"Rather than defending my post, by doing this I am defending Brazilian democracy."

Poll Shows 87 Percent Hoping for Impeachment

PY2212155892 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Dec 92 p 5

[Text] The majority of weary Brazilians, or to be precise, 87.1 percent of the population, hope that suspended President Fernando Collor will be condemned during the final stage of the impeachment process which will begin in the Senate on 22 December. The group rejecting the idea of Collor's return to power is nearly 11 times greater than the 8 percent who still hope that Collor might return to his post, according to a national poll carried out by the Gallup Institute and published exclusively by O ESTADO DE SAO PAULO. Between 4 and 30 November, 2,692 persons over 18 were polled in 206 municipalities, in 24 states.

Non-acceptance of Collor is greater among rich and better educated Brazilians. The return of the suspended president is rejected by 93.3 percent of the A class, and by 92.7 percent of those with a university education. Classes D and E (84.9 percent) and those who have a primary education (80.9 percent) also reject Collor's return. Those of the minority who want Collor's return are mainly persons over the age of 50 (10 percent), those who live in towns of up to 30,000 inhabitants (10 percent), and those who live in the northern and central-west regions (14 percent).

In the state capitals, 90.2 percent of those polled do not want Collor's return, while 6.1 percent do. In the country's southern region there was an identical split in the population: Those who want Collor out amount to 89.8 percent, while 6 percent want him absolved. In the northeast, where the suspended president began his political career, 5.9 percent of the population support him, and 88.1 percent reject him. In the southeast 87.4

percent want Collor a long way away from the presidency, while 8 percent hope for his return. The population was more easy on Collor in the northern and central-west regions: 80.5 percent do not want him back, while 14 percent would be happy to see him return. Those who did not want to give their opinion amounted to 4.9 percent.

Collor's Supporters Urge Military Intervention

PY1912012192 Madrid EFE in Spanish 1525 GMT 18 Dec 92

[Text] Brasilia, 18 Dec (EFE)—A self-styled Community Defense Association [Associacao de Defesa Comunitaria] made up of suspended President Fernando Collor's supporters, today called upon the military to prevent the impeachment that will be voted upon on 22 December.

A paid ad in the newspapers O ESTADO DE SAO PAULO and CORREIO BRASILIENSE stated that "an immediate military intervention by the Armed Forces is necessary to protect national security within the framework of the constitutionally legal state of defense."

Collor's supporters demanded the installation of a provisional government to replace President Itamar Franco's interim administration. This government could be presided over by either a civilian or an officer who would be assisted by a team of advisers.

The paid ad states that the military intervention should take place during the congressional recess that will begin in January. The purpose of this intervention would be to close down Congress and call new elections to replace the members of both the Chamber of Deputies and the Senate.

Community Defense Association Chairman Edgar Clare told EFE that the Senate and the Federal Supreme Court have violated Collor's rights to defend himself in the political trial that began in October.

"Not even criminals are treated the way he was treated," according to Clare, who bitterly complained about both "the congressional dictatorship" and the way in which the press had manipulated the Collor affair.

Upon being questioned by EFE, a military spokesman displayed annoyance with the fact that the ad mentions the Armed Forces and said that the military leadership will fulfill its commitment to respect the Constitution and abide by the decisions of Congress, including the impeachment.

"The Constitution states that we can step in only if public order is disrupted in order to enforce the law, not to stage coups d'etat," the spokesman said.

Mauro Benevides, an adviser to the president of Congress said: "This ad is meaningless because neither the mood nor the atmosphere is right for this sort of thing." He added: "It is merely an expression of the sacred right to get upset."

Senators on Collor Case Receive Threats

PY2012184192 Rio de Janeiro O GLOBO in Portuguese 19 Dec 92 p 5

[Text] Brasilia—As of yesterday, Federal Police are investigating the source of threatening anonymous letters sent to senators who will judge suspended President Fernando Collor on 22 December. Even Congress President Mauro Benevides (PMDB-CE) [Brazilian Democratic Movement Party-Ceara State] received a badly written letter threatening to kill him if Collor is sentenced.

Impeachment proceedings sponsor Senator Antonio Mariz (PMDB-PB) [PMDB-Paraiba State], and Senators Ronan Tito (PMDB-MG) [PMDB-Minas Gerais] and Epitacio Cafeteira (PDC-MA) [Christian Democratic Party-Maranhao State] also received threats. The writer of the letters mentions homemade bombs, calls late Deputy Ulysses Guimaraes "the cursed old man," and refers to the PMDB president as "Quercia the thief."

Benevides believes that these letters will not disturb the senators.

"These are isolated feelings that are expressed through death threats at the time of paramount decisions. It does not worry us," he said.

Senator Antonio Mariz also said that he does not feel threatened.

"This is a joke in poor taste and it will not make me change my mind," Mariz stated.

Franco's Governing Style Seen as Helping Collor

PY1912202492 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Dec 92 Political Section p 4

[Text] Brasilia—Disquieted by the bad repercussions of interim President Itamar Franco's governing style, politicians like Senator Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa State] launched a campaign yesterday to guarantee the votes of 54 senators who support the judgment against suspended President Fernando Collor. Barely five days before the date scheduled for judging the crime of malfeasance in office, various senators allied to the interim president discovered that Collor's offensive has made progress, chiefly because of Itamar and his administration's lack of objectives.

Engaged in collecting votes against Collor, Senator Wilson Martins (PMDB-MS) [PMDB-Mato Grosso do Sul State] complained: "Our president's behavior is not helping at all." He added: "There is an atmosphere of uneasiness." Leader Pedro Simon (PMDB-RS) [PMDB-Rio Grande do Sul State] also expressed concern. Describing the offensive involving many of his fellow party members, Simon noted: "Collor is telephoning and

insisting much." Simon said: "Cesar Dias already has received two telephone calls and Alfredo Campos has received an offer of fringe benefits in his state."

A presidential interlocutor circumspectly admitted: "The government does not have a course and this can create complications." Affonso Camargo (PTB-PR) [Brazilian Labor Party-Parana State], a senator and former minister, noted: "The atmosphere has changed and the president will surely receive more than four votes in his defense."

Franco Says Government Working Despite Doomsayers

PY2012015892 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 19 Dec 92

[Live relay from Brasilia by reporter Heraldo Pereira]

[Text] President Itamar Franco, his ministers, and congressional leaders still are meeting. The debate at Government House has been going on for five hours. Just a short while ago, during a break, President Franco sent us a message on the nation's situation. Herewith is the text of this message:

Despite the doomsayers and the coverage that their words of violence and despair have been getting, the administration and all of its members at all levels continue working diligently with ethical respect for the citizenry and struggling for common well-being.
Signed
Itamar Franco.

Administration To Create New Jobs, Double Exports

PY2012015292 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 19 Dec 92

[Speakers identified by screen captions]

[Text] The government will seek to create 1 million new jobs during the first half of 1993. The employment program is just one of the measures that will be implemented to rekindle economic growth. President Itamar Franco met again with his entire cabinet today to draw up the plans the government will implement.

[Begin recording] [reporter Heraldo Pereira from Brasilia] According to government leaders in Congress, the president is not thinking about merging the Planning and Finance Ministries. Franco's main concern at this time is to redefine government policies and start dealing with Brazil's social problems. Thus, several economic measures were decided upon today. Starting in January, the administration will invest $1.5 billion to build public housing. At the same time, it will spend $2.5 billion to rebuild and improve highways. Car manufacturers that increase production and employment will get tax rebates and new government loans. The objective for the first half of 1993 is to create 1 million new jobs. The administration also plans to give various incentives to Brazilian exporters. The goal for 1993 is to practically double exports to $50 billion. To accomplish this, the economic team will devise a plan to gradually reduce interest rates and resume development.

Judging by what the ministers decided in Brasilia today, the plan provides for socially oriented postal rates, telephone tokens, cooking gas, and electricity for those who consume less. Diesel fuel will be cheaper in real terms. The administration has ruled out any possibility of implementing an economic shock, be it a price freeze, presetting of prices and salaries, or dollarization.

[Paulo Haddad, planning minister and acting finance minister] The president wants the people to rest assured that as long as he is in power, they will not be surprised by unilateral executive branch actions capable of upsetting citizens' lives. [end recording]

Stock Market Reaction to Krause's Resignation Noted

PY1812234892 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 16 Dec 92

[Text] In Sao Paulo, businessmen and investors commented on the effects that Minister Gustavo Krause's resignation may have on the economy.

[Begin recording] [Reporter Jose Roberto Burnier from Sao Paulo] The worst piece of news Sao Paulo investors received today was that the stock market behaved just like any other day. This is bad, because for the last two months, stocks have not been gaining enough to compensate for the currency devaluation. The news about Minister Krause's departure did nothing to improve the mood of investors.

[Alvaro Augusto Vidigal, Sao Paulo Stock Exchange chairman] I am sorry. This minister was beginning to work in step with the economic team. The economic team was doing well. As of this weekend the country was waiting for the administration to announce its definitive economic policy. Now we will have to wait longer. New expectations will arise. People will start wondering who the new minister will be and whether he and the economic team will get along.

[Burnier] Minister Gustavo Krause's departure was not welcome at the Sao Paulo State Federation of Industries [FIESP]. The businessmen feel that in principle, a change of economy ministers at this point will do the country no good, because according to them, it will delay even further the disclosure of Itamar Franco's economic program.

[Max Schrappe, FIESP vice president] It is bad for the country, because whoever takes over this post must first get used to it and check things out, make plans. Then, if this person has to leave and somebody else comes, they have to start all over again.

[Burnier] The FIESP vice president added that the businessmen hope that Minister Paulo Haddad, who is serving as acting finance minister, will press on with the changes that the administration wants to make.

Let us now take a look at the repercussions that Krause's departure has had on the Rio de Janeiro Stock Exchange. Here is Isabela Scalabrini's report from Rio de Janeiro:

[Scalabrini] Today the Rio de Janeiro Stock Exchange did not do too well. It opened up on the low because the privatization program has been experiencing delays. In the afternoon the news about Minister Gustavo Krause's resignation upset the market, but the Rio de Janeiro Stock Exchange's reaction to the minister's departure was normal: it closed down 0.5 percent below its opening rate. Some 165.6 billion cruzeiros worth of stocks were traded during the day.

According to Carlos Reis, chairman of the Rio de Janeiro Stock Exchange, the stock market did not crash today only because the economic policy has been in the hands of Planning Minister Paulo Haddad for some time now. Now the financial market will await the appointment of a new minister and the new economic policy.

[Reis] The financial market will hope that the new minister will follow Minister Krause's liberal economic line, a minister who will not come around wielding a magic wand, because the market does not like it anymore. It would rather see market laws respected. [end recording]

Chile

New Army Division Commanders Installed

PY2212220692 Santiago EL MERCURIO in Spanish 3 Dec 92 p C4

[Summary] Brigadier General Guillermo Sanchez Rojas has been installed as commander in chief of the 3rd Army Division headquartered in Concepcion, while Brigadier General Victor Lazirraga Arias has been installed as deputy commander of the same division. Sanchez Rojas replaces Brigadier General Ricardo Gaete Villasenor, who was designated director of Army operations in Santiago.

Economy Minister on 13-Percent Inflation Rate

PY2312020992 Santiago Television Nacional de Chile Imagen Internacional in Spanish 2330 GMT 22 Dec 92

[Text] Something that had appeared unlikely to occur before November is now about to take place. Economy Minister Jorge Marshall has announced that the 1992 inflation rate could be lower than 13 percent.

After the 1.4 percent consumer price index, CPI, registered in November nobody expected that the December inflation could be so low as to reach the 13 percent inflation expected by the government.

Recent predictions show that the December CPI will stand at nearly zero percent, consequently the 1992 inflation could be lower than 13 percent.

Marshall believes that 1992 will be recalled as one of the best years in Chile's economic history as a result of the inflation rate and economic growth. He has stated that the main task for 1993 will be aimed at consolidating and projecting the goals attained this year.

[Begin Marshall recording] We will continue with the policy designed to maintain stability and to reconcile growth with declining inflation, because this is the best way to project the future of a country. [end recording]

He said that sustained growth and a solid social action program will help to end poverty in less than 10 years.

* Finance Minister Seeks Agreement on Tax Reform

* Appears Before Congress

93SM0093A Santiago EL MERCURIO in Spanish 25 Nov 92 pp A1, A12

[Text] Valparaiso—Finance Minister Alejandro Foxley stated yesterday in Congress that he is talking to opposition sectors and businessmen to strike an agreement that will extend the tax reform program. In this way, the next government will not see fiscal revenues plummet by $800 million.

He maintained that his informal talks with opposition leaders and businessmen show signs of achieving their intended results, given that his interlocutors have told him they find the tax rates "reasonable." The business leaders have adapted to them, and "they are not bothered by them or prevented from functioning adequately."

He stated that the government would be willing to lower the tax rate on individuals, provided there is a "spirit of cooperation" in terms of preserving the essence of the tax reform program. The program also calls for taxing businesses at a rate of 15 percent (up from 10 percent) and a value-added tax (IVA) of 18 percent (up from 16 percent). The reform program is to remain in effect until 31 December next year.

Although he acknowledged that this is not an urgent issue right now, given that the effects of current legislation will not be felt until next year, Minister Foxley reiterated the administration's willingness to seek a formula that will allow the tax reform package to be maintained, which requires the consent of opposition sectors.

Background

The tax reform program, passed in 1990 and intended to expire on 31 December 1993, was the result of prolonged negotiations between the government and National Renovation (RN), and thus was not supported by the Independent Democratic Union (UDI).

At the time, the administration and RN agreed that taxes would be raised for just four years, and that the proceeds, estimated at $600 million a year, would be used only for social programs (health, housing, education, and improved pensions).

According to the reports submitted by the Finance Ministry when the reform package was approved, it was supposed to yield $350 million in the first six months (the second half of 1992 [as published]). For 1991, 1992, and 1993, the cabinet secretary estimated the annual proceeds at $580 million.

The higher tax on businesses (raised from 10 to 15 percent) was to yield $350 million a year; the individual income tax, $50 million; and the IVA, $200 million.

Talks

In his report yesterday, Foxley indicated that he has held talks with leaders of the political parties, members of the administration and the opposition, and businessmen, especially during the president's recent trip to Asia. "And we are getting a feel for the lay of the land so that we can facilitate the work of the next government, regardless of who it is."

He stated that the administration feels it has a responsibility to try to keep fiscal revenues from plummeting by $800 million, no matter who is in charge of the next government, "because that will be a very delicate situation."

He pointed out that in his private, informal talks, "the people with whom I have spoken, both in the opposition and in the business sector, claim that the current rates are reasonable, and businesses have already adapted to them. The fact is that the rates do not bother them and do not prevent them from functioning adequately."

He contended that the most solid evidence of this assertion is the fact that private savings have doubled this year, and private investment will increase this year at a real rate of 30 percent, almost a third, "which is absolutely unprecedented in Chile's economic history, and that with tax reform. Therefore, this confirms that these rates do not bother businessmen and that they can function just fine. So I think the most reasonable and sensible thing to do is to keep them the way they are. Then the next government can continue solving the tremendous social, environmental, and other problems that remain before us."

When it was pointed out to him that keeping the IVA bothers the workers, Minister Foxley replied that "the IVA has already been passed on to prices, and I am in favor of keeping the 18 percent the way it is, because inflation has gone down in spite of it. When we raised the IVA, inflation was at 30 percent, and now it will be 13 percent. So this rate is not affecting the level of prices."

With regard to the individual income tax, the cabinet secretary said, "I think there is room for accommodation there, because the marginal tax rate on individuals is a little high. It has a major impact on middle-class professionals, and I think the government would be willing to talk about this, as long as there was a spirit of cooperation, in general, about maintaining the essence of the tax reform package that is now in effect."

Economic Growth

Foxley said that this year the Chilean economy will grow by nearly 9 percent, but the government is not concerned by that high percentage "because it means prosperity for the population: more jobs, which are expanding at a rate of nearly 5 percent this year, and higher wages."

He noted, however, that this growth rate should not be maintained next year, because such accelerated economic growth "could pose the risk of overheating and causing greater inflationary pressure."

As for the steps that will be taken to slow down economic growth, he stated that the Central Bank has already taken action, raising interest rates on two occasions. That is already beginning to have an effect, especially in the construction sector, and the full impact of the measures will be felt early next year. "We must have a little patience; economic measures never have immediate effects, but we already have a significant element of deceleration."

The finance minister also predicted that the execution of the budget this year "will reveal a record level of fiscal savings, the highest we have had in our history, in terms of both fiscal savings and fiscal surplus. This suggests that we do have a very high level of fiscal savings, and that the Central Bank has taken timely action by raising interest rates to achieve an appropriate macroeconomic adjustment."

* Buchi, Guzman Comment

93SM0093B Santiago EL MERCURIO in Spanish 27 Nov 92 pp A1, A16

[Excerpt] [passage omitted] In the opinion of Minister Foxley, "it is not appropriate" to lower the 15-percent tax on business profits, which he said is one of the two or three lowest taxes in the world.

He argued that the increase in private business investment, which this year will amount to about 30 percent, is the best evidence that this tax rate is not excessive and is not in any way hindering businesses' productive expansion. Proof of this is the opening of the Carozzi plant by a company that is making major headway in penetrating the market in the United States.

Regarding the proposal by the construction industry that tax resources should be oriented toward infrastructure and training, Foxley stated that "everything is open to negotiation," but the most important priority right now is to increase public savings to ensure sustained growth over time, at the rate we enjoy today.

Hernan Buchi

In this regard, former Finance Minister Hernan Buchi stated he is concerned not so much with the details of the taxes as with the fact that Chile may continue growing, because after the great debt crisis, the country had to contend with very low savings and investment. The last few years have been characterized by economic growth, but in his opinion the tax reform implemented in 1991 prevented investment and savings from growing at the same exponential rate.

He indicated that if savings and investment are really worrisome, he would look at the tax that is affecting them and figure out which elements are making it most difficult for exports to be competitive.

"And instead of saying I will return to the levels of 1990 or keep those of today, I would look for a combination that would contribute to both. For example, maybe exporters would be better off with an exchange rate that makes them more competitive, and so would importers. For this purpose, you would probably have to act on tariffs, and that is not part of the tax reform package."

He added that along with the change in the tariff structure, the IVA could also be kept at 18 percent or dropped to 17 percent instead of 16 percent.

As to whether the business tax rate should be lowered from 15 to 10 percent, Buchi said he saw no problem with keeping it at 15 percent or raising it to 20 percent, but it should apply to what businesses take out of their profits, not to what they are using to save and invest.

Regarding Minister Foxley's proposal to lower taxes on individuals, he commented that he would like Chileans to pay very little in taxes and to have a lot of services, but he stressed that it is not a question of returning to 1990 or maintaining the situation of today; rather, it is a question of looking at current needs and giving priority to savings and exports.

To the extent that the individual income tax would have an impact on that, he would choose to study it, but he noted that it is probably one of the taxes that need less tinkering than others.

On the other hand, Buchi projected economic growth for this year at about 10 percent, and indicated that even the Central Bank, through its latest increase in interest rates, has shown concern that it may not be possible to reach the target of 11- to 12-percent inflation for next year.

He expressed the opinion that the Central Bank will have a hard time reaching its inflation goal for 1993, but if it and the Treasury fulfill their roles and if the growth rate moderates, next year the economy could grow by 5 percent and inflation could be above the projected target. "I hope there will be even greater coordination between fiscal and monetary policy so that things can be done better and we can be assured of more growth with less inflation. I think right now that is not the case."

Business Leader

Jose Antonio Guzman, president of the Confederation of Production and Commerce, discussed this same topic at the conclusion of a meeting of the confederation's Executive Committee. In addition to taxes, other items on the agenda were the Labor Ministry's invitation to join a tripartite commission to evaluate the results of labor legislation (which the confederation has opposed), and the problems arising out of the complementation agreement with Argentina (the businessmen feel that our neighbor across the Andes has threatened the integrity of the treaty).

Regarding the tripartite commission, Guzman emphasized that he already made a proposal on this matter at the National Business Board (ENADE), and his position is not going to change in two weeks. "No one sits down to evaluate something if he is not willing to change it," he commented.

Concerning the pact with Argentina, he stated that the confederation is stressing to local officials that they must demand the execution of the agreement, and the farming and construction associations that will be traveling to that country next week will reiterate this position.

Guzman admitted that the tax issue was discussed by business leaders with Minister Foxley during the president's tour of Pacific Asia, but he said he is not familiar with the details of the proposal made recently by the government. He does not know whether the reduction in business taxes corresponds to a reduction of the overall complementary tax, the single tax on labor, or property taxes.

He commented, however, that a reduction in the personal income tax would stimulate consumption.

The business leader noted that any analysis should be oriented toward stimulating savings and investment and adjusting to the country's macroeconomic reality, which is different from that of three years ago.

As a basic concept, he said that the private and public sectors should make a shared contribution to developing the resources necessary to meet the state's urgent spending requirements.

"We understand very well that social spending is not affected by the reduction in taxes slated to take effect in 1994, as economic growth itself has generated and will continue to generate increasing resources to carry out and even expand social spending by the government," he stated.

In his opinion, the extension of the tax reform program that the government is planning has other purposes, and it must be discussed to determine whether there really is an urgent need or whether the state or the private sector could make more efficient use of these revenues.

In short, he indicated that the confederation intends to put forward its own general proposal on the matter and

submit it to government officials and the political parties, which really bear the responsibility of resolving this issue.

Guzman said he is waiting for the government to extend a formal invitation to discuss the matter, and although he did not mention deadlines, he indicated that businessmen feel this matter should be discussed as soon as possible so that it will not be an element in the election campaign and can be discussed at a technical level.

* 'Power Struggle' Increases in Carabineros

93SM0094B Santiago QUE PASA in Spanish 21 Nov 92 pp 19-20

[Article by Guillermo Hidalgo: "The Battle for Leadership"]

[Text] The battle for power in Carabineros, between its new assistant director, General Alfredo Nunez, and the recently appointed director of the Superior Advisory Council, General Mario Morales, has intensified, and not just because of the criticized absence of a commander for the uniformed police force. The problem has also worsened because of the feud between two different styles that has been jolting Carabineros for some time now. On the one hand, Nunez is a policeman from the old school, a hardliner and traditionalist. Morales, in contrast, has spent more time with books and politics, represents a rationalization of the service, and, therefore, is the government's favorite. However, his fondness for textbooks, his title of accountant auditor, and his master's degree in public administration make him an atypical figure in the police, one who is, for this reason, resisted by many of his peers, who would prefer a general trained in "action."

Until the makeup of the new high command for 1993 was made public in early November, Nunez seemed to be winning. His influence with the general director was reflected in the proposal that the latter submitted to the government. Under this proposal to La Moneda, Morales would retire even though he had held the posts closest to Stange; he was chief of officers staff and then his cabinet chief, from which post he organized the Carabineros' new communications policy after General Cesar Mendoza, retired, left in 1985.

Nunez' triumph was short-lived, as the government did not accept the proposal and ultimately left Morales in a key post. Nevertheless, it became obvious that the favoritism that Stange had lavished on Morales for five years no longer existed, while Nunez had succeeded in positioning himself as the number two man, replacing General Ormeno, whose retirement the government did not question, as assistant director.

La Moneda insists that the new high command in Carabineros was put together without major arguments with Stange and that its makeup is 90 percent what the director general had proposed. The fact is, however, that the changes La Moneda has made add up to much more than 10 percent, owing to the importance of the individuals involved, and show the decisive influence that the government has on the police chief. Urged on by the generals who support Nunez, Stange submitted a proposal for the high command that called for the retirement of not only General Morales but also of one of his colleagues, General Fernando Cordero Rusque. In the end, only Ormeno was forced into retirement, although this was no minor victory, inasmuch as he was regarded by his adversaries as Stange's likeliest successor.

At a preliminary meeting between President Aylwin and General Stange to analyze the proposal for the high command, the chief executive indicated that although he regarded it as a major loss, he would not object to the retirement of the former assistant director, General Ormeno, adding, however, that he thought Generals Morales and Cordero ought to stay on. The internal pressure on Stange was so great, though, that he ignored this presidential "recommendation" and at his follow-up meeting with the ministers of the interior and defense he insisted that the then director of order and security and the director of computers and telecommunications both retire.

The upshot was that La Moneda simply ignored Stange's proposal, and Morales was named director of the Superior Council, a post that seemingly distances him from power centers but that gives him two advantages. One is that his new position is not in the line of command of the new assistant director, thus avoiding friction. Meanwhile, Cordero was appointed director of logistics, a post that was initially assigned to General Juan Cancino, who ultimately retired, and that until last year was filled by one of Stange's good friends, General Carlos Menne. The latter general was also a La Moneda target, because although he was considered for inclusion in the new high command, La Moneda forced him to retire, feeling that his time had passed.

Morales' second and most important advantage is that from this post, at the government's urging, he will begin looking into a restructuring of Carabineros. Aylwin's advisers regard this task as crucial, describing the institution's current administration as deficient. They argue that while budget appropriations for the uniformed police have risen steadily over the past three years (from $37 million in 1990 to $78 million in 1993), the noncommissioned officers and Carabineros are complaining about low pay and even about not being given adequate clothing, besides which they have to pay for their own meals. By entrusting this task to Morales, the government hopes to avoid administrative problems, which for example have led to the purchase of incompatible brands of equipment and vehicles. They also hope to avoid unnecessary spending, of the sort entailed in the changes that Stange made in the makeup of the high command, as he replaced all of the country's zonal chiefs; each of these reassignments would cost close to two million pesos.

At the recent negotiations the government rejected Stange's choice for the post of director of police intelligence (Dipolcar). Instead of his nominee, General Juan Salinas, who wound up as director of welfare, General Cristian Fuenzalida will take office in March. He worked closely for eight months with the members of La Moneda's Security Coordinating Council. The government's influence was not able to save lower-ranking officers in Morales' group, however. One of the key people affected is Stange's former aide-de-camp, Commander Pedro Pablo Ramirez, who has been on a mission in Costa Rica. He was considered a shoo-in for director of the Carabineros School but at the last minute was named prefect of Curico, which is tantamount to burying him.

The history of the divorce between Stange and his former favorite, Mario Morales, began when the latter was serving as director of order and security and had very smooth relations with the Interior Ministry. So smooth were they that according to his detractors he went over Stange's head to deliver information to La Moneda. It is a fact, however, that the post of director of order and security requires very close contact with the civilian authorities. Indeed, Morales would make six or seven phone calls a day to the Interior Ministry.

Another development that encouraged the idea that Morales was ingratiating himself with La Moneda to improve his chances to become the next director general was the trip that he took with Minister Enrique Krauss to Guatemala to revamp that country's police force. On top of this came the charge by EL SIGLO that he was allegedly involved in the shady purchase of land in Renaca that was originally earmarked for the Children and Homeland Foundation. As far as Morales' defenders are concerned, his adversaries gave this information to the press in an effort to discredit him, adding that the land was put up for sale and, since there were no other interested parties, ultimately bought by officers from various section of the Carabineros.

In spite of the misgivings that his name may prompt among the ranks of the officers, the members of the government are having no trouble proclaiming him the man best suited to head the institution.

* PDC President on Coalition, Presidential Plans

93SM0094A Santiago EL MERCURIO in Spanish 22 Nov 92 pp D4-D6

[Interview with presidential candidate Eduardo Frei Ruiz-Tagle, president of the Christian Democratic Party (PDC), by Raquel Correa; place and date not given]

[Excerpts] [Correa] Have you already ordered your presidential sash?

[Frei Ruiz-Tagle] No. I am very down to earth (he laughs, lighting one of the few cigarettes he smokes a day). There have been many people in Chilean political history who have been left holding their presidential sashes. Elections are won on election day.

[Correa] Does having won the nomination in the DC [Christian Democratic Party] by a walkover satisfy you, or would you prefer to have won it in a competition at the convention?

[Frei Ruiz-Tagle] It stands to reason that when you are seeking the highest office in the land, the internal decision matters. In receiving the unanimous support of the party, I feel that we have made a gesture of great political maturity, of responsibility.

[Correa] Would an internal struggle have been very dangerous for your group?

[Frei Ruiz-Tagle] For 30 days we would have had to deal exclusively with internal problems and ignore the country. I think that the way events have turned out has been very positive.

[Correa] But both Zaldivar and Valdes withdrew their candidacies because they did not like the system of a mandated or, as one of them said, "handcuffed" convention.

[Frei Ruiz-Tagle] This has been a very long process. We began it early last year, when we said that we would hold our internal elections for the governing board, our ideological congress, and municipal elections, and make our congressional and presidential choices. We have complied strictly with the timetable. I was in favor of a universal vote. The alternative was a new national board. Our position was to listen to the rank and file, but we realized that that was going to put the party and the Coalition on edge because in one way or another we would be imposing a candidate on them. As a result, we all took the convention route. We always said that it would be an ad hoc convention, that individuals would have to enter the race. A year and a half ago we even said that if I was president of the party, I would have to give up the post; this implied that I had to register as a candidate beforehand. Since neither Andres Zaldivar nor Gabriel Valdes registered, I was nominated without a convention.

[Correa] But why did you sidestep a deliberative convention?

[Frei Ruiz-Tagle] We made a decision; I have honored it fully. It was a joint initiative that was developed as part of a very broad internal accord.

[Correa] The thinking is that you are avoiding a debate....

[Frei Ruiz-Tagle] I am not. The fact is that we have debated on the board and in the council on many occasions.

With Businessmen

[Correa] Are you prepared to take part in televised presidential debates with the other candidates?

[Frei Ruiz-Tagle] Of course. We are a democracy. When I ran for the Senate, I attended forums on all channels, with all of the candidates in the district. And I took part in several forums.

[Correa] Do they not make you nervous?

[Frei Ruiz-Tagle] No. Why should they? It is a myth that I avoid debates. I was just at the ENADE [National Business Board] forum.

[Correa] Do you think that businessmen trust you?

[Frei Ruiz-Tagle] I was trained in the business world. My language does not change when I speak to workers and to employers. One speaks frankly in the business world. And I must always speak the truth, telling it like it is.

[Correa] And what if you had to choose between employers and workers?

[Frei Ruiz-Tagle] I would never make a one-sided decision. My concern is the company, and a company consists of employers and workers.

Preparing the Campaign

[Correa] Who will your "supreme commander" be?

[Frei Ruiz-Tagle] I have not yet decided. There is still time. We were prepared for a nomination struggle, but now I am the candidate of Christian Democracy and I want to be the candidate of the Coalition. We are going to run the campaign from the party, with its technical and political teams. And frankly, I do not care for the term supreme commander. This is not a battle; it is an election campaign.

[Correa] So who will your "campaign manager" be?

[Frei Ruiz-Tagle] This has to be decided at the proper time. There is no hurry. One of the major virtues of this party board has been the formation of teams, getting all of the program commissions to work.

[Correa] Will you remain as PDC president to the end?

[Frei Ruiz-Tagle] I announced that if there were an internal election, I would not use my position as party president. As soon as there was no nomination struggle and I became the party's candidate, it has only made sense for me to stay on as president. [passage omitted]

[Correa] Can you imagine Aylwin in Congress as a senator for life alongside Pinochet with the same status?

[Frei Ruiz-Tagle] I frankly find it hard to imagine such a scene. But I think that aside from former presidents as senators in their own right, there should be no designated senators.

One Candidate or Two

[Correa] Everyone in the Coalition would like a single presidential candidate. But do you think that there will surely be two: Lagos and you?

[Frei Ruiz-Tagle] This is the point (clears his throat). I think that over the next few months we will have to pass a very big test vis-a-vis the country and the world, because one of the major successes of the transition is the formation of a majority government. I think that there is an opportunity, after 50 years, to have continuity in government. The basic consensus exists in our society. We have been building more than just an electoral coalition: we have been building a government coalition that shares programs and visions of the country. Our aim is to maintain the unity of the Coalition and to project it forward and intensify it over time. This is the sense of the great majority of Chileans. Today I am my party's candidate and I aspire to be the Coalition's single candidate tomorrow. And if I get the Coalition's votes, I aspire to be president of the republic. I am not interested just in the campaign (he continues, with a talkativeness that is new for him); I am interested in a stable, majority government. This is why over the months to come we must seek unity, not differentiation and confrontation. This is the great task of the day.

[Correa] But so far it looks certain that the Coalition will have two candidates.

[Frei Ruiz-Tagle] The fact is that next year's election will not take place amid the traumatic conditions in which they historically have in Chile.

[Correa] Does this mean that there would be nothing wrong with the two of you running in the first round?

[Frei Ruiz-Tagle] I think that that would show that we are unable to seek accords and that we are paying more attention to differences than to unity.

[Correa] Does this mean then that the aspiring single candidate has a first and last name: Eduardo Frei?

[Frei Ruiz-Tagle] Every party wants the nominee to be from its ranks.

[Correa] But is the condition for having a single candidate that that candidate be you?

[Frei Ruiz-Tagle] No. We have never set that condition! We cannot enter political talks by imposing a candidate. I acknowledge the legitimacy of the socialist world. No parties are vetoed here, nor are posts reserved for anyone.

[Correa] Frankly, senator, would you be happy to vote for Ricardo Lagos?

[Frei Ruiz-Tagle] If Lagos were the Coalition candidate, I would be happy to vote for him. I am not vetoing anyone, but (smiling) I would obviously be happier to vote for myself.

Political Calculations

[Correa] What political disadvantage do you see in having the two of you compete in the first round?

[Frei Ruiz-Tagle] First, if we are unable to put together a broad accord, the opposition will be a stronger alternative. I do not think that they will win, but they could be a major alternative. Second, the issue of governability is of key importance for the country. The success of the Coalition is due to the fact that it is a majority government, not the government of a single party or of congressional minorities. There is a clear responsibility for consolidating and stabilizing our democracy. If we have been building this, why should we go and destroy it?

[Correa] According to Ominami, Lagos' supreme commander, you [plural] could get 65 percent of the vote this way, which would give you a congressional majority....

[Frei Ruiz-Tagle] I repeat: if we run divided, the opposition is going to be stronger.

[Correa] And would the Christian Democrats run the risk of coming in third, as happened to Tomic in 1970?

[Frei Ruiz-Tagle] Based on the work that we have done and the strength that the party has, if they force us to compete, we will do so.

[Correa] But Tomic came in third, with the same percentage of the votes that the PDC got this time in the elections for councilmen.

[Frei Ruiz-Tagle] If they force us to compete, we will compete, and I am certain that we will come in first. But I regard this as bad for what we have to build in this country.

Frei's Motives

[Correa] Does having to run against Lagos make you nervous?

[Frei Ruiz-Tagle] Personally, no. Politically, yes.

[Correa] What do you think of Lagos as a candidate?

[Frei Ruiz-Tagle] He is a good candidate. Very good. But a race between two Coalition candidates would obviously have to be confrontational, because each would have to emphasize his own advantages and the disadvantages of the other. What sense does it make for the Coalition to run two candidates? The country wants to be at ease when it votes on 14 December 1993. I would prefer one Coalition with 55 percent of the vote to two candidates with 65 percent or more.

[Correa] Even if that would mean much stronger congressional support?

[Frei Ruiz-Tagle] We want to amend the electoral law because it is unfair. It benefits only the first- and second-place finishers. This is a kind of Russian roulette. Any party that gets less than 30 percent does not get into Congress. This is altogether harmful to democratic stability.

[Correa] Do you think that the Coalition would split up with two candidates?

[Frei Ruiz-Tagle] I would not describe it in such an alarmist or dramatic manner. I would say that it would not be the Coalition that we have come to know in this period; it would be another kind of accord.

[Correa] Do you not think that the Coalition is no longer necessary, that it has made the transition to democracy?

[Frei Ruiz-Tagle] No. Chilean democracy broke down precisely because we did not have a majority government and did not achieve the basic accords for building a modern society. We have been able to put together this accord, which is an example of a transition in the world. Why should we risk it if, even though there is diversity, we have common goals and can thus make a fundamental qualitative leap forward? [passage omitted]

[Correa] When all is said and done, what do you think of the possibility of having two candidates with a single congressional slate and a single platform?

[Frei Ruiz-Tagle] That is not politically viable. If we are unable to agree on a presidential candidate, how are we going to tell the congressional candidates to come to terms and yield spots to each other as at the past election? This is not politically viable and would represent a contradictory scenario.

[Correa] Can the Coalition survive with one dominant party that leads its candidate to victory because it is in the majority, thus relegating its partners to a minor role?

[Frei Ruiz-Tagle] The experience of this government shows that we are not dominant, that we have learned the lesson of history. It would be much easier to resolve the issue in a parliamentary system.

[Correa] Would you like to be president and have Lagos as prime minister?

[Frei Ruiz-Tagle] I do not think that the objective political conditions are in place for that sweeping a reform in Chile. In the future we will have to debate the issue of a balance between a very strong Executive Branch and a very weak Congress.

[Correa] Do you think that with or without Lagos as a contender the Coalition will die in 1993 in any case, that it has already fulfilled its purpose and lost its reason for being?

[Frei Ruiz-Tagle] My impression is that the Coalition is not an electoral accord but a very deep political accord. If we are unable to maintain the Coalition, history will judge us very harshly.

"Not for a Million...."

[Correa] If there were two Coalition candidates, would you have to move more to the right and Lagos more to the left?

[Frei Ruiz-Tagle] Objectively speaking, the political conditions are not in place today for that sort of coalition. And it would not be a good thing if it were done for electoral purposes. We must maintain a line.

[Correa] How would your program be different from this government's?

[Frei Ruiz-Tagle] This government has aimed for growth with fairness. I think that the foundation for the future is sustainable growth with justice and participation. The efforts that we have made as a country, spending more than $6 billion this year on social investments, are very great, but we have not yet resolved the problem of the disadvantaged. There are three or four million people who are not part of modern life, and unless we bring them in, we will not have a stable society in the future. For example, there is the problem of our young people, who do not feel part of the process.

If You Were President

[Correa] Some contend that the PDC has undergone less renovation today than the Socialists have.

[Frei Ruiz-Tagle] This business of being modern is so relative...If they think that talking about the issue of divorce or condoms is modern...well, to me this is not modern.

[Correa] If you were president, would you submit a divorce bill to Congress?

[Frei Ruiz-Tagle] My party is the only one that has made a serious proposal to protect the family. When the talk turns to families, abortion or divorce is mentioned. Things are not that simple. In Chile a third of the work force is made up of women; 600,000 women are heads of household, live alone, and have a lot of trouble working. Legal modifications are needed; we have to address the role of women and young people in modern society. As for divorce, there is hypocrisy here, as only the people with money can obtain one. Poor people just separate, and 80,000 or 100,000 children a year are born illegitimate. Can we continue to look the other way at this fact? I would seek to amend the legislation.

[Correa] So would you submit a divorce bill dissolving the bond?

[Frei Ruiz-Tagle] As long as we legislated within the overall view that I propose. It makes no sense just to pass a divorce law. We are trying to put together a proposal, and this problem has to be viewed from the perspective of the State, of society. We have tackled the problem with church authorities and we hope to have a realistic proposal in this regard.

[Correa] Would you aspire to a supraparty government?

[Frei Ruiz-Tagle] In a presidential system the chief of state must have authority and be in charge. Otherwise, the system does not work. Whoever occupies the post of chief of state has to be the president of all Chileans. Logically, though, in a coalition government a balance has to be struck; apportioning or divvying up power is something else.

[Correa] Would you do away with tenure for the commanders in chief?

[Frei Ruiz-Tagle] In no modern democracy can a president name or retire the commanders in chief.

[Correa] Would you retain the tax reform or would you lower taxes for businesses and individuals?

[Frei Ruiz-Tagle] I am in favor of retaining it. As long as so many Chileans are living in difficult circumstances an effort has to be made. The current business tax is reasonable, compared to the rest of the world. As for individuals, the rates could be eased.

[Correa] Would you be in favor of a new agrarian reform?

[Frei Ruiz-Tagle] This is part of Chile's history. It would make no sense to propose this today.

[Correa] The market economy?

[Frei Ruiz-Tagle] Social market economy. The market economy does not solve society's basic problems: poverty, pollution, etc.

[Correa] Political prisoners?

[Frei Ruiz-Tagle] An extraordinarily difficult issue, which the president has dealt with appropriately and has been practically resolved. As the president has done, if there were cases pending, they would have to be looked at one by one, objectively.

[Correa] Privatizations?

[Frei Ruiz-Tagle] To us it is neither a dogma nor an ideological problem. The decisions have to be made with an eye towards the country's interests. If it has to be done, I would not hesitate to privatize state-run enterprises. In principle, I do not think that government belongs in the production sector; government has a different role.

Behind the Public Figure

Little remains, outwardly, of the shy, quiet engineer that Eduardo Frei Ruiz-Tagle used to be. He is more affable, more sure of himself and has learned how to do more than just smile. Many saw him as in the shadow of his father the president. He knows it.

[Correa] Have you heard the joke that Frei has two huge comparative advantages?

[Frei Ruiz-Tagle] Yes (his brow relaxes, and his laugh evokes memories of his father). One is to have the name Frei.

[Correa] And the other?

[Frei Ruiz-Tagle] To be named Eduardo. [end of answer]

He laughs heartily, not as loudly as his father but cheerily enough to gradually melt the ice that seemed to surround the man who many think is sure to be Chile's next president.

There is a mandarin orange tree in the garden of his home in Baztan, which is guarded day and night. It is full grown by now. "Eduardo got it as a gift," his wife, Martita Larraechea, says, "when he started out in politics about five years ago."

Listening to and observing him, one draws an obvious conclusion: we can now forget about his being just his father's son. Persistent, holding clear ideas in his engineer's mind, as simple as the next person, a man of few words, but clear, accurate ones, he has earned his own place.

Have his first and last names had any influence? No one doubts it. Least of all he.

"It used to bother me. Now it makes me laugh. But I feel just as proud of my father today as I did yesterday."

When he speaks about his father in public, he usually says "President Frei." When he recalls him in private, he speaks simply of "my dad."

He is 50 now. He has grown politically alongside his orange tree, and is the national senator with the highest vote total, the president of Christian Democracy, and a candidate for president of the republic.

[Correa] And is your home here the little La Moneda?

[Frei Ruiz-Tagle] (Laughs) This is just my home. [end of answer]

With him at home are his cheery, involved wife and his four daughters: Veronica, a mass media specialist who does "marketing in general"; Cecilia, in her third year in law school at the University of Chile; Magdalena, who graduates this year and wants to study engineering like her father; and Catalina, still a schoolgirl.

[Correa] Are you resigned to not having had an Eduardo Frei the third?

[Frei Ruiz-Tagle] Oh...yes. When our fourth daughter was born, they did not dare tell me it was a girl. They showed her to me in diapers...[end of answer]

He lives in this matriarchy with the five women and Margarita, who makes the kind of desserts he likes, very sweet ones, like in his mother's home, and cooks him those old-fashioned Chilean dishes: dried meat and vegetables, kidneys, fricassee. The meals that he likes to have only at home.

He gradually loosens up in an informal setting. He relates that he is "a former student of the Ursuline nuns," attending their school because it was close to home. He went to kindergarten and took some secondary school classes there, also receiving his first communion. From there he went to the Institute of Humanities, where he was a standout in physics and chemistry, the sciences.

"It was what my father liked best; he was a frustrated physician."

He was not as fond of mathematics but went into engineering anyway and, at his own risk, decided to study at the University of Chile, not Catholic University, because he thought that that would be like moving next door.

He spent 20 years in private business. And things went well for the former partner in Sigdo Koppers, a businessman whose political involvement started as an adult but who has been a member of the Christian Democratic Party since the age of 16.

Self-portrait

More "homo sapiens" than "homo faber," he reportedly prefers removing leaves from his swimming pool to any other household chore. Inept at games of chance, he does not know a single card game but is an expert at a sort of "Chinese checkers." He loves golf, but "I have not played for three years or so." He used to play at the courses in Santo Domingo, where he has a summer home.

He has almost only pleasant memories from his childhood. Just one unfulfilled dream that did not scar him at all: waiting several Christmases for a bicycle. "But I had six brothers and sisters, and since my dad was involved in politics....," he recalls fondly.

A rational thinker, he does not allow himself to be carried away by hypotheses. He is a stable, consistent man, and those who know him say that he has made virtually no mistakes since he began his political career (that is to say, his race for the presidency).

An opera fan (an interest he developed during his years in Italy), he cannot sing "even in the shower." He has few good friends and thus prefers to relax with his family. Changing residences is not among his plans, even if he becomes chief executive.

[Correa] Are you a strong-willed person?

[Frei Ruiz-Tagle] I am not an impulsive or emotional person. I am reflective. But once I make a decision, I stand firm.

[Correa] Headstrong?

[Frei Ruiz-Tagle] I am not stubborn.

[Correa] And does not being an "emotional" man apply to love as well?

[Frei Ruiz-Tagle] With love it is different (smiles shyly). Because there it is more heart than head...I am neither emotional nor resentful in public life. I would not snub anyone.

[Correa] Why are you gentle by nature, for religious reasons or by upbringing?

[Frei Ruiz-Tagle] For both reasons (clearing his throat). When one is at peace with what one is doing, one has no reason to bear malice.

[Correa] How do you react to criticism?

[Frei Ruiz-Tagle] I am my own biggest critic. I am big on self-evaluation. I accept the criticisms of others, and only occasionally, when I find them unfair, do they bother me.

[Correa] With what criticism or judgment are you fed up "higher than a parachute," as Pinochet once said?

[Frei Ruiz-Tagle] Comparison with my dad. But at this juncture I laugh. If I were 20 again...But I have built my own road and I think that people know me. [end of answer]

Aside from golf and walking (like his father), he enjoys soccer, always playing left wing.

[Correa] What does this position do?

[Frei Ruiz-Tagle] He has to open up the game.

[Correa] Along the left?

[Frei Ruiz-Tagle] Well (flashing a relaxed smile), when you are a left wing, you run along the sideline and have to open up the game to your right. [end of answer]

A fan of the University of Chile team, he makes it to the stadium whenever he can.

[Correa] Are you one of the "people in the lower tiers" [the rabid fans]?

[Frei Ruiz-Tagle] No, I consider soccer a sport.

[Correa] Do you read a lot or a little?

[Frei Ruiz-Tagle] I do not have much time to read.

[Correa] But have you read Maritain, for example?

[Frei Ruiz-Tagle] Yes, of course. And aside from required reading, I like novels. Morris West, for instance. And of course I study the church's social doctrine.

Colombia

Conservative Leaders Declare Opposition to Gaviria

PA2212211392 Santa Fe de Bogota EL TIEMPO in Spanish 17 Dec 92 p 6A

[Text] Members of the new Conservative Party [PC] Directorate met with President Cesar Gaviria on 16 December to inform him of the decision made at their 11 December national convention to declare opposition to the government and to resign any representation in the cabinet.

This action makes the party's two positions toward the government official. On the one hand are those who, led by the Directorate members who met with President Gaviria on 16 December, will no longer work with the government. On the other hand are those who will remain in the government.

The latter are members of the New Democratic Force, NFD, headed by Andres Pastrana and a group of senators, including Roberto Gerlein.

Seven of the nine members of the new directorate met with President Gaviria for approximately one hour. The opposition, they said, will be constructive rather than obstructionist.

In that regard, they mentioned three fields in which they will support government policies: public order, social investments, and international relations.

PC leaders participating in the meeting held at Narino Palace were Guillermo Angulo Gomez, president of the Directorate; Jaime Arias Ramirez; Cornelio Reyes; Fabio Valencia Cossio; Fernando Landazabal; Rodolfo Segovia; and Alvaro Pava.

Omar Yepes and Hernan Beltz Peralta were not present, as they were out of town.

"The decision to be in the opposition should be seen as a dialectic measure: By staying out of the government, the party will be in a position to present views different from those of the current government, in order to assume the leadership of the nation," members of the Directorate said in a letter they personally delivered to President Gaviria.

The president said he will offer all sorts of guarantees to the PC as an opposition party. He added that their decision should not prevent them from holding talks with the government on the main issues of the country.

Senator Fabio Valencia Cossio said being in the opposition means they will not participate in the cabinet. The other positions held by PC members—such as ambassadors, consuls, directors of decentralized institutions—will be left for the president to decide.

"The important thing is that the president recognized the political decision made at the convention as well as the election of the new Directorate," Valencia said after the meeting.

Angulo Gomez, president of the Directorate, said the opposition will be carried out within the guidelines established by the Constitution.

"It was a cordial meeting. The president admitted the importance of the topics on which we will support the government," Angulo stressed.

Angulo announced that the Directorate will hold its first meeting on 20 January.

The ministers who are participating in the government on behalf of PC forces are Labor Minister Luis Fernando Ramirez and Development Minister Luis Alberto Moreno, as members of the NFD. Foreign Minister Noemi Sanin has the support of various conservative groups. She has received support from three leaders (Gerlein, Hugo Castro, and Elias Matus) and from the Directorate headed by Alvaro Villegas Moreno.

Authorities Attempt To Identify Escobar Accomplices

PA2212141292 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1630 GMT 21 Dec 92

[Text] As the members of the Medellin Cartel are surrendering or are being killed, authorities are trying to establish the identities of the rest of Pablo Escobar's accomplices.

According to sources consulted by this station, Escobar has at least 70 men who make up the cartel's military and administrative apparatus. The military succession of Escobar, also known as The Crooked One, includes Alberto Castano Molina, also known as Mario Chopo—apparently one of the men in charge of assassinating Justice Minister Lara Bonilla. He leads the group in charge of planting bombs against the Cali Cartel and is also the alleged leader of those who have been gunning down policemen in Medellin. Carlos Alzate Urquijo, also known as Ring, works with the groups that kidnap and assassinate policemen in Medellin.

John Jairo Posada Valencia, also known as Titi, owns the hacienda where the authorities found 350 kg of dynamite on 15 December. He is also known as The Ripper. This station learned that this man coordinates car bomb terrorist actions in Medellin. Hernan Henao, Escobar's brother-in-law, alias Mr. H, is another member of the organization, with Giovanni Mejia, alias Moseis, who heads the group of kidnappers. Jorge Avendano, known as Coco, and Ivan Ramirez, known as Pasquin, head the group of thiefs who steal cars that are later used as car bombs. Jose Fernando Espinosa, alias Socket, and Dairo A. Cardozo Metaute, alias Comanche, are other members.

Escobar's administrators include Fatman Garcia and Jose Fernandez Posada, who manage drug trafficking. Gustavo Upegui and Fernando Avendano reportedly are also members of the Medellin Cartel's administrative apparatus. Apparently, Upegui and John Jairo Vasquez, alias Popeye, who surrendered three months ago, asssinated Prosecutor Carlos Mauro Hoyos.

Authorities Confirm Death

PA2312014292 Madrid EFE in Spanish 1836 GMT 20 Dec 92

[Text] Santa Fe de Bogota, 20 Dec (EFE)—The Prosecutor General's Office disclosed on 20 December that the bullet-riddled body of alleged drug trafficker Alberto Jose Arcila Henao, an accomplice of Pablo Escobar and brother of imprisoned Juan Diego, alias "Tomate," had been found in a Santa Fe de Bogota river.

Alberto Jose was found last October, but initially the authorities had reported the body as unidentified. The National Civil Registry Office later confirmed that the body was really "Tomate's" brother, an alias also used by the murdered drug trafficker.

The Prosecutor General's Office recalled that Juan Diego, brother of the murdered drug trafficker, had been captured several weeks ago in Cartagena de Indias in the northern part of Colombia and transferred to the Santa Fe de Bogota Modelo Prison.

Alberto Jose's decomposed body was found at a Santa Fe de Bogota river site known as El Muna close to the capital city.

President Cesar Gaviria's administration had offered a 100-million-peso reward (approximately $130,000) for each of the two brothers.

On 16 December Juan Diego had announced his intention to negotiate a reduction in his sentence as established in the new Colombian Penal Procedure Code.

Norte del Valle Cartel 2d in Command Surrenders

PA2312040392 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 22 Dec 92

[Text] Hernando Angel Wagner, who is believed to be the second in command of the so-called Norte del Valle Cartel that was led by Ivan Urdinola Grajales, surrendered today to a Cali prosecutor. Angel Wagner's goal is to obtain a reduced sentence for illegal activities in drug trafficking. Wagner surrendered a few hours after Urdinola was given a 17.5-year sentence that was reduced to a 50-month sentence.

Confessed Drug Trafficker Receives Reduced Sentence

PA2312003492 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1630 GMT 22 Dec 92

[Text] Ivan Urdinola Grajales will serve only four years and seven months in prison after confessing to drug trafficking, illegal enrichment, association to commit

crimes, and denying other charges against him. The 55-month sentence could be further reduced should Urdinola study and display good behavior while in prison.

Urdinola had been sentenced to 17.5 years in prison by a faceless judge, but that sentence was reduced considerably. It was reduced to 130 months after he confessed his crimes; reduced to 65 months after he denounced other individuals; and finally reduced to only 55 months as a result of an agreement between the prosecutor's office and Urdinola's lawyers.

Beside having to serve his time, the confessed drug trafficker paid 750 million pesos in cashier's checks and surrendered four vans to the nation. He must also pay the equivalent of 3 kg in gold; that is, 24 million pesos.

[Begin defense lawyer Silvio Tamayo recording] This is an opportunity for the country because it opens the doors of justice to allow those who are wanted to surrender. [end recording]

Deputy Prosecutor General Francisco Jose Cintura admitted justice has been very lenient with Urdinola, and that is why he will offer Urdinola a further sentence reduction to denounce his brother Fabio Urdinola and a friend.

Ecuador

* Duran-Ballen's First 100 Days Viewed

* Moratorium Rejected

93SM0096A Quito EL COMERCIO in Spanish 22 Nov 92 p A6

[Excerpts] President Sixto Duran-Ballen's expanded cabinet has conducted a review of the first 100 days of the administration and prepared its strategy for dealing with the opposition at the legislative level.

The government's call for a political moratorium has not been accepted by the opposition; on the contrary, it was seriously questioned.

After analyzing its first 100 days in office, the government is now preparing a proposal to the country called "Agenda for Development."

In addition, Duran-Ballen must deal with the tensions created by drug traffickers and guerrillas on the borders with Colombia and Peru.

The economic measures of 3 September and the neoliberal policy of launching a series of privatizations have destabilized the internal front. The first national strike was called, although it did not have much success.

The wave of work stoppages and strikes came in response to the harsh economic measures, which the president himself called "a purgative." He asked Ecuadoreans to be patient, and said that they will reap the benefits soon.

The government's popularity has not been helped by its announcement (which was later toned down) that it would issue a decree to increase the work week from 40 to 48 hours.

The political opposition in the National Congress is threatening to remove Industry Minister Mauricio Pinto and Energy Minister Andres Barreiro from their respective posts.

On the other hand, faced with political, social, and labor harassment, the government's economic measures did result in improved economic indicators, say official sources.

Inflation dropped to six percent in October, compared to more than 10 percent in September.

Bank interest rates also fell, while the International Monetary Reserve grew by $750 million (nearly four times the amount recorded last August). Consequently, the government gave the first public signs of satisfaction.

"Public spending is now subject to severe controls," emphasized Central Bank Manager Ana Lucia Armijos, but she added that the planned overhaul of the state and complete economic liberalization are still a long way off.

On the external front, Duran-Ballen's announcement that he will pull Ecuador out of the Organization of Petroleum Exporting Countries (OPEC) stirred up the most controversy, as many believe that step would bring harm to the nation. [passage omitted]

Meanwhile, former Minister Xavier Neira accused the government of being socially inhumane, politically disorganized, and economically erratic.

Evaluating the first 100 days of Sixto Duran-Ballen's government, Neira stated that it lacks a coherent program and displays a pusillanimous and servile attitude toward labor and business pressure groups.

Francisco Swett, on the other hand, already sees new developments in economic policy on the horizon, in terms of the exchange rate and financing. He also praised the budget bill that the government sent to Congress, which he said will have an important impact on national life.

What is not yet visible, unfortunately, is a wholesale reform of the country's fiscal system, with respect to the size of the state and the extent of its participation in productive activities, he indicated.

Nor is there a path toward solving problems related to the foreign debt, and in the political sphere, relations between the executive and legislative branches are not being handled properly.

* Record Number of Strikes

93SM0096B Guayaquil EL UNIVERSO in Spanish 18 Nov 92 p 14

[Excerpts] Quito—During the first 100 days of the administration of Sixto Duran-Ballen, the country has had to put up with a work stoppage every nine days since the package of economic measures was adopted on 3 September.

Moreover, demonstrations have been held to call for the payment of back wages, the improvement of the economy, and the signing of collective bargaining agreements, among other demands. [passage omitted]

[Box, p 14]

The director of the Ecuadorean Data Company (CEDATOS), Polibio Cordova, referring to the most significant developments of the administration's first 100 days, stated that there is no doubt that there have been a record number of work stoppages, strikes, and protests during this period.

"It is as if a barrier against strife that had been ably maintained by the previous government had suddenly broken on 10 August, when the new president was inaugurated," he emphasized.

Demands Updated

He noted that teachers, doctors, contractors, and bureaucrats in general had not received full payment of their wages before August, but they updated their demands as soon as the new administration took over.

"Since the government coffers were empty and new measures had to be adopted, following the custom of every incoming administration, the wave of strikes and stoppages was unleashed, worsening a crisis that was already severe enough, especially among the working classes," he stated.

Trillion-Sucre Contracts

Polibio Cordova pointed out that these stoppages have set records because they have been accompanied by petitions and collective bargaining agreements containing demands that would end up destroying not only the state budget, but the country's very economy.

In addition to the strikes and work stoppages, 16 collective bargaining agreements have been submitted to the Secretariat of Administrative Development (SENDA), with demands that would cost more than 3 trillion sucres, which is practically the entire state budget.

Among these contracts, most noteworthy are those of health workers, for 850 billion sucres; EMETEL, for 87 billion; EPAP-G, for 21 billion; Public Works, for 78 billion; the port authorities of Esmeraldas and Puerto Bolivar, for 9 billion; the National Housing Board, for 10 billion; the Ecuadorean Institute of Sanitation Projects (IEOS), for 8 billion; and the National Institute of Hygiene, for 5 billion sucres.

* Nebot Criticizes Regime

93SM0096C Guayaquil EL UNIVERSO in Spanish 20 Nov 92 p 4

[Excerpt] Former Social Christian presidential candidate Jaime Nebot Saadi said yesterday that the government should stop being erratic on the ideological front, subservient to its creditors on the economic front, and inhumane on the social front.

In a televised speech, Nebot analyzed the first 100 days of the current government and pointed out that "the president of the Republic should exercise leadership to salvage his lost authority; he should exert control over a certain group of people who surround him and abandon the practice of looking the other way."

Painful Reality

He indicated that Ecuador's situation is truly painful because food and fuel are selling for the highest prices in history and medicines have gone up by as much as 600 percent, while water, electricity, and telephone services are growing worse. Moreover, citizens are demanding public works in every region of the country.

"In response to this situation, Ecuadoreans are asked to call a truce, to let the government continue impoverishing us. Dr. Borja lied when he said that he was leaving the country in good order, nor did Duran-Ballen tell us the truth. I have never deceived you," Nebot declared.

He stated that none of the adjustment measures adopted by the government has been coordinated with the reduction of the size of government, production has not been stimulated, and social issues have been ignored entirely.

Unsuitable Budget

Nebot indicated in his speech that the 1993 budget reveals the government's intentions, with allocations of 38 percent for paying the public debt and 51 percent for current spending, while only 11 percent is earmarked for development and investment.

"Privatization cannot be applied to ministries or agencies that are the very essence of the state; the rights that the law has accorded public servants must be respected when privatizations are carried out. Privatization is necessary to attract foreign investment, reduce the foreign debt, and cut the budget deficit, but only in the areas that are appropriate for the country."

He explained, "We Social Christians are different from the members of the administration, because for them the only important thing is capital, whereas for us the important thing is people."

Serious Opposition

Nebot Saadi indicated that Social Christians have formed a serious opposition that is not content merely to oversee or criticize, but proposes solutions that are appropriate for the nation's serious problems. He added that this is why the Social Christians submitted bills in the National Congress to provide lower prices for basic consumer goods and to regulate the operation of "popular stores," to grant credit to farmers, to provide free childbirth services, etc.

"Mr. President, you must correct the situation. We need creativity, we need innovation in government to achieve the prosperity that the people require. When we must make sacrifices, let them be shared by all. It is following this approach, not through collaboration or conspiratorial silence, that Ecuadoreans are committed to helping us overcome the crisis in a serious way. We will not support or oppose anyone for convenience or vanity's sake. We will support that which is advantageous for the people, and oppose that which will harm the people.

Paraguay

National Defense Council Officially Established

PY2212164992 Asuncion ABC COLOR in Spanish 22 Dec 92 p 6

[Text] On 21 December the Executive Branch promulgated Law No. 84/92, which approves, with modifications, the decree "which organizes the National Defense Council." This institution is the Executive Branch's consultative organization in all matters pertaining to national defense.

The organization includes the president, who will preside over the council; the vice president; the members of the cabinet; the presidents of the national defense committees of the Senate and Chamber of Deputies; the chief of staff of the Armed Forces; the commanders of the Army, Navy, and Air Force; and the commander of the National War College, who will be the council's permanent secretary.

Another of the Law's articles establishes that persons who are given special invitations by the council's president when he deems it necessary will be considered temporary members, and will be paid by the state. The law also establishes that the National War College will come under the National Defense Council, and will financially and administratively come under the Defense Ministry.

Complaint on Statistics Fee Submitted to Argentina

PY2212153292 Asuncion ABC COLOR in Spanish 22 Dec 92 p 12

[Excerpt] Antonio Felix Lopez, economic affairs under secretary in the Foreign Ministry, has reported that on 21 December Paraguay submitted a formal complaint regarding the implementation of the statistics fee by Argentina. In this respect he indicated that the Argentine Government has until 28 December to provide a definitive answer.

Lopez also said yesterday that "during the meeting of the Common Market Group, which was held last week in Montevideo, Uruguay, a formal complaint was submitted to activate the system to resolve controversies, which is provided for in the Treaty of Asuncion with regard to the implementation of the statistics fee by Argentina." [passage omitted]

Document Critical of Mercosur Treaty Disclosed

PY2112171092 Asuncion NOTICIAS in Spanish 21 Dec 92 pp 10, 11

[Text] Why is it that a report entitled "Paraguay Faced With Mercosur [Common Market of the South]" which was the result of a direct contract, and not a bidding, signed between Juan Carlos Wasmosy, who was then minister of integration, and a U.S. consultant firm, was not disclosed? The people have a right to know about this report, especially as some officials are trying to manipulate the Mercosur treaty by concealing information that will be important when the Mercosur treaty goes into effect.

The extensive document entitled "Paraguay Faced With Mercosur" was the result of a direct contract, with no public bidding, signed between Juan Carlos Wasmosy, who was then minister of integration, and the U.S. consultant firm Pacific Strategies of Menlo Park, California.

This report cost the government $183,000. The direct contract, made through administrative channels, was approved by the General Comptrollers Office but was not endorsed by the Finance Ministry. There is also a draft decree that was never signed kept dormant in President Andres Rodriguez' office awaiting authorization for this contract.

But the former integration minister did not even wait for the resolution from the General Comptroller's Office, or to submit a request for the approval of the Finance Ministry, or for an authorization from the Executive Branch to sign the contract and to pay it. With a decree that was not signed, what he intended to do was to regularize a situation which was illegal from any point of view.

After a brief introduction, the document says that the "treaty will try to do in five years what the Europeans were not able to do in 40 years" giving a clear indication "of the threat of a macroeconomic integration."

The document says in its first paragraph that the Asuncion Treaty poses a very serious threat. The document adds: "Because Paraguay has an economy based on agriculture, it needs stable prices for its inputs, stable interest rates, and stable prices for its products if it

expects to encourage investments and survive. The guarani currency must have stability on the international exchange market, because it is the denominator of input costs, especially for the thousands of families who grow cotton."

Inflation would destroy the value of the currency and the capability to buy inputs outside the economies of Mercosur.

The document says: For many industries Mercosur, or at least the reality of the Mercosur internal tariffs at zero level, has already arrived. The greatest part of the commercial reality could have also arrived had the Mercosur members decided to maintain a very low external tariff, such as the one already in effect in Paraguay. The effect of the new tariff regime has caused the reality of Mercosur to arrive earlier than scheduled, but this has not been felt to be a serious matter.

The document adds: The vision that has led to steps toward the liberation of the economy—which many people have termed, in fact, very open—should not submit to pressures to return to the old way of doing business. That may hurt the nation in three ways: first, local businesses would have to again become familiar with their previous systems, that is, the figures representing the "real" costs in ports and airports. That could perpetuate the corrupt system which gave the nation its bad international reputation, and deprive the government of hundreds of millions of dollars every year. Second, it would convey the signal that the Paraguayan Government continues with its policy of inconsistencies. The result of the change in signals would cause even more confusion on top of the situation created by the new tax system, the new Constitution, and the new electoral code; this would therefore create less enthusiasm for investment here. New investment is what Paraguay needs urgently.

Third, it may give any Mercosur member wanting to maintain high tariff barriers to protect its main industries a signal that Paraguayan policies are negotiable. The result would be that protection would be given to their industries, and a captive Paraguayan market within the Mercosur tariff barrier would be created.

CNEAP Denies Loss of Radioactive Needle

PY1812204092 Asuncion ABC COLOR in Spanish 17 Dec 92 p 5

[Text] In a report submitted to Congress on the alleged disappearance of a cesium-137 radioactive needle, imported from the Institute for Cancer Disease and Burn Injuries, the Paraguayan National Atomic Energy Commission [CNEAP] stated that "no needle has been lost."

The report maintains that the needle, which was reported missing by some local media and investigated by the Congressional Investigating Committee on Illegal Activities, "is in its original package at the safe shelter of the aforementioned hospital."

The report issued by the CNEAP further states that "the area where the alleged bunker was located was screened on 23 November and no radiation leak was detected."

With regard to reports purporting that radioactive toxic waste was found at Teniente Ochoa, in the Paraguayan Chaco region, the report says that screening tests were performed in the aforementioned place but "no radiation level exceeding the normal environmental values (background) [preceding word in English] was detected."

The report goes on to say that "likewise, samples were taken from the River Monte Lindo water and soil in order to be tested at CNEAP laboratories. The assay results revealed that the radiation levels were not above normal values either." A copy of this report was sent to Judge Angel Barchini.

The report adds that it is not within the CNEAP's competence to intervene in issues pertaining to toxic waste unrelated to radioactivity.

Notwithstanding this, another report drafted by a laboratory from Buenos Aires, Argentina, which the aforementioned committee made public yesterday, said traces of heavy metals were detected in the drums found at Teniente Ochoa.

EN Elects Caballero Vargas as 1993 Candidate

PY2112131692 Asuncion HOY in Spanish 21 Dec 92 p 4

[Excerpt] The national and departmental candidates for the 1993 general elections of the independent movement National Encounter [EN] were elected on 20 December.

Guillermo Caballero Vargas is thus the official National Encounter candidate [for president], just as Domingo Laino is the candidate for the Authentic Radical Liberal Party (PLRA).

The authorities of National Encounter were also elected, and it will be called the Central Coordinating Board. The board will have the same functions as the Executive Board of the Colorado Party, or of the so-called Directorate of the PLRA. [passage omitted]

National Encounter Lists Senate Candidates

PY2112134492 Asuncion ABC COLOR in Spanish 21 Dec 92 p 7

[Text] We list below the candidates for senator and deputy for Asuncion who will represent National Encounter in the 1993 general elections. This list was made official in the internal elections held in the capital and in the interior.

The following is the list of candidates for senator: Basilio Nikiphoroff, Rafael Casabianca, Secundino Nunez, Juan Manuel Peralta, Diego Abente Brun, Manuel Elizeche, Juan Maria Carron, Blanca Zuccolillo de Rodriguez, Valentin Bogado, Cesar Franco Croskey, Oscar Codas

Thompson, Luis Andrada Nogues, Isabel Rivas de Lovera, Manuel Benitez Codas, Olga Blinder, Felipe Recalde, Adriano Irala Burgos, Alfredo Plate, and Alfredo Montero.

The list continues with Carlos Filartiga, Miguel Chase Sardi, Ramiro Dominguez, Rafael Marin, Ernesto Baez, Miguel A. Cardozo, Gustavo Volpe, Victor Velazquez, Mauricio Serratti, Justo Pastor Benitez, Kurt Ernesto Tipach, Carlos Capurro, Roberto Vuyk, Graciela Fadlala, Felipe Oscar Armele, Juan Poison, Elizabeth Urbieta de Burro, Emilio Gonzalez Gini, Hugo Fernandez, Roque A. Garcia, Eumelio Farina Flores, Victor Fanego, Roberto Ferreiro, Blanca Mersan Galli, and Pastor Verdun.

The candidates for deputies for Asuncion are: Luis Alberto Mauro, Marcelo Duarte Manzoni, Alicia Jove Davalos, Maria Celia Frutos de Meyer, Raul Ayala Duarte, Guillermo Stanley, Horacio Sosa, Evaristo Jara, Miguel F. Kurita K., Gloria Duarte de Heiseke, Nicolas A. Mendez Mendoza, Cynthia Kallsen, and Olga Rene Villarejo.

The final order of these lists is not yet definitive, as National Encounter has agreed to ally itself with the Revolutionary Febrerista Party and the citizens movement Asuncion For All, whose candidates must be added to these lists in accordance with the agreement that has been signed.

Poll Shows Unemployment Most Important Problem

PY2212213192 Asuncion ULTIMA HORA in Spanish 18 Dec 92 p 2

[Summary] According to a poll of 1,800 persons conducted by the Center for Documentation and Studies between 22 October and 4 November in 55 urban and rural electoral districts, 28.75 percent of those polled stated that employment is the main problem in Paraguay. The second most important problem is corruption, picked by 15.46 percent of those polled, while 13.63 percent said inflation was the third most important problem.

Asked what they believe is the cause of the country's problems, 23.19 percent of those polled said unemployment, while 16.46 percent said corruption, and 12.46 percent said the problems are the legacy of the Stroessner government.

Peru

Former Senator Seeks Asylum at Argentine Embassy

PA2212005592 Lima Radio Programas del Peru Network in Spanish 1800 GMT 21 Dec 92

[Text] Spokesmen for the Argentine Embassy in Lima have confirmed that former American Popular Revolutionary Alliance [APRA] senator Abel Salinas Izaguirre has been granted asylum at that diplomatic mission.

Salinas, who was allegedly involved in the failed coup d'etat against President Alberto Fujimori on 13 November, is the fifth Peruvian citizen to seek asylum at a foreign embassy in Peru.

The former interior and energy and mines minister of the APRA regime is now at Argentine Ambassador Julian Licastro's residence, located on the first block of Arequipa Avenue. The spokesman did not provide any further details.

Rumors of Abel Salinas' asylum began circulating on the morning of 20 December.

Prosecutor Drops Charges

PA2212122292 Lima Global de Television Network in Spanish 0100 GMT 22 Dec 92

[Text] After it was reported that American Revolutionary Popular Alliance leader Abel Salinas decided to request asylum at the Argentine Embassy, Flor de Maria Mayta, the prosecutor who is investigating his alleged participation in the November coup attempt, exonerated him completely. The prosecutor also said there are no grounds for prosecuting Mercedes Cabanillas.

[Begin Mayta recording] The investigation on the participation of civilians Abel Salinas and Mercedes Cabanillas in the coup attempt has been completed by the Prosecutor's Office. The case against these two persons has been dismissed. [end recording]

As the result of this ruling, Salinas' decision to seek asylum at the Argentine Embassy would be out of place because no charges are pending against him. Mayta said, however, that the trial has not yet been completed and that the other civilians involved will continue to be investigated by her office. This includes San Roman, who in the afternoon of 21 December testified for the second time.

After testifying, San Roman left the prosecutor's office. His lawyer, Jose Santos Chichisola, expressed dissatisfaction over the manner in which the interrogation was conducted. The questioning should have been completed on 21 December, but will be resumed on 6 January.

[Begin recording] [Chichisola] I am astonished. I thought the interrogation would conclude today, but it has been postponed.

[Unidentified reporter] What do you think about this postponement?

[Chichisola] This is my first experience. All this is new to me. [end recording]

Ministry Rejects Asylum Request

PA2312042492 Lima Global de Television Network in Spanish 0100 GMT 23 Dec 92

[Text] Foreign Minister Oscar de la Puente has decided not to grant a safe-conduct to former Senator Abel

Salinas. According to the Foreign Ministry, Salinas' decision to request asylum at the Argentine Embassy when there are no orders restricting the free exercise of his rights as a citizen is a mockery of the principle of asylum.

San Roman Comments on Investigation, Asylum

PA2212155092 Lima Panamericana Television Network in Spanish 1200 GMT 22 Dec 92

[Text] Maximo San Roman's legal situation regarding the coup attempt of 13 November will be announced on 6 January. Meanwhile, he appeared before Flor de Maria Mayta, the public prosecutor, to give his testimony about his alleged connection with the events.

[Begin recording] [San Roman] I have repeatedly said Peruvians who act within the law have nothing to hide. Consequently, I am not afraid of any action that may be taken. Based on this, I have no intention of seeking asylum. I have also said that I am a Peruvian and I have not found a Peruvian Embassy in Peru to seek asylum.

[Unidentified reporter] What will you decide?

[San Roman] This is an enquiry. It is the first time I have ever participated in an enquiry at the Public Prosecutor's Office. Extensive questions are being asked. I, of course, am very confident and very optimistic.

[Reporter] Did you or did you not know of the plans to overthrow the government?

[San Roman] I have repeatedly stated that I knew nothing. I am completely sure, however, that if this was a movement to reinstate constitutionality, these men are totally innocent and have obeyed the constitutional mandate—or at least they tried.

[Reporter] Based on the decision to dismiss charges against Abel Salinas and Mercedes Cabanillas, do you believe your case should also be dismissed?

[San Roman] I am rather surprised, as you can see. I came here with the impression that the prosecutor's enquiries would end today. However, I was surprised to learn that the conclusion has been postponed until a later date.

[Jose Santos Chichisola, defense attorney for San Roman] First, asylum is a political defense recourse. Mr. San Roman, who is not the leader of any political party, movement, or front, is carrying out his legal defense. This is why he has appeared before the authorities, as any other citizen would.

Second, I wish to state the only thing San Roman's defense is seeking is justice. Justice is permanent, not only during times of democracy, but also when constitutional order has been ruptured and power is carried out by force—this is when justice must be enforced.

Third, Mr. San Roman will not ask for amnesty. We have come here to defend an innocent man, who must be acquitted of the charges against him. That is all ladies and gentlemen. [end recording]

Former Minister Urges Help for Coupist Officers

PA1912175492 Paris AFP in Spanish 1528 GMT 19 Dec 92

[Text] Caracas, 19 Dec (AFP)—Luis Gonzalez Posada, former Peruvian foreign and justice minister, in Caracas on 19 December called for the mobilization of human rights organizations to Peru in favor of the officers arrested for participating in the 13 November coup attempt against President Alberto Fujimori.

In a communique sent to AFP, Gonzalez, a member of the cabinet of former President Alan Garcia (1985-1990), warned that 20 officers are in danger of being killed "because of the government's cruel decision to transfer these officers to a common prison where terrorists and drug traffickers they have fought are being held [words indistinct] the human rights omissions of the OAS, the United Nations, and other organizations [words indistinct], which is unprecedented in Peru's history," the communique stated.

The former minister, who considers the detention of officers in a common prison [words indistinct] to be "humiliating and offensive to the military sector," also called for an investigation of charges by the officers that they are being tortured by intelligence agents.

Approximately 25 active and retired Peruvian officers and several civilians have been accused of participating in a frustrated coup d'etat against President Alberto Fujimori on 13 November. Since then, four civilians and one officer have left the country to receive political asylum in Costa Rica, Argentina, and Chile.

A Supreme Military Justice Council is currently in charge of the investigation of the coup attempt.

Army Denies Torture, Mistreatment Charges

PY2212205692 Lima EL COMERCIO in Spanish 16 Dec 92 p A6

[Text] The Army public relations office last night sent us the text of an official communique explaining the situation of the military personnel involved in the 13 November coup attempt.

Herewith the text of the communique:

The Army Command hereby informs the public that:

1. By virtue of a specific decision that the appropriate military courts made in keeping with their legitimate powers and with existing regulations, the Army officers who were ordered imprisoned were transferred to Castro Castro prison.

2. To this end, rooms were prepared in the prison providing for the security, comfort, and especially the

isolation from the other inmates. An effort has thus been made to provide the best possible conditions for the detainees.

3. This Command has been informed that the relatives of the arrested officers will enjoy special visitation schedules that will allow them to meet prisoners at special times.

4. In the face of ill-intended reports that some arrested officers were tortured or physically mistreated, we emphatically state that such reports are not true and that they seek to discredit the Army Command.

5. As can be impartially proven by the certificates issued by forensic experts who examined the detainees, and by the medical forensic exams (ectoscopy), the detainees did not suffer any torture and are in good health.
Lima, 15 December 1992.
Army Pubilc Relations Office.

Municipal Workers Stage 'Violent Protest March'

PA2312043092 Lima Global de Television Network in Spanish 0100 GMT 23 Dec 92

[Report by Willy Diaz]

[Text] Lima municipal workers demanding overdue salaries and Christmas bonuses staged a violent protest march in Plaza de Armas where they clashed with riot police.

The 22 December march was the most violent demonstration since the municipal workers began an indefinite strike approximately one month ago.

The protest march began at approximately 1000 when the municipal workers decided to take over the Lima municipal palace as part of their massive protest.

Riot police immediately started throwing tear gas in an attempt to disperse the protesters. Municipal worker Raul De La Aguila was seriously injured during the protest. The rest of the workers responded to De La Aguila's injury by becoming more violent and throwing all sorts of office equipment, furniture, and other objects from the balconies and roof of the municipal building. Onlookers immediately started running for cover to protect themselves from the objects being thrown indiscriminately by the municipal workers.

Bomb Damages Educational Services Unit, School

PA2312025592 Lima Global de Television Network in Spanish 0148 GMT 23 Dec 92

[Text] The explosion of a car bomb by subversive criminals of the Tupac Amaru Revolutionary Movement [MRTA] has produced considerable property damage at Comas' Educational Services Unit Five and at Estados Unidos School.

Two MRTA men and one woman subdued the Services Unit Five doorman and placed an explosive device in a red automobile with license plate No. Di-G-1016, which belonged to the Education Ministry.

The explosion destroyed the windows of the services unit and those of the Estados Unidos National School on km marker 8.5 of Tupac Amaru Avenue in Comas District. The terrorists also left behind subversive propaganda. Educational authorities have been demanding more police protection in the area.

[Begin recording] [Unidentified speaker] It is a known fact that there are a lot of activities of this sort in Comas. I am asking the educational authorities to appeal to the police to support us so we do not have to regret future actions.

[Unidentified reporter] Did the attackers identify themselves?

[Speaker] No. One of them told us not to resist and to just go back to work.

[Reporter] Were they armed?

[Speaker] Yes, both of them were armed. [end recording]

Economic Program Guidelines Announced

PY2212211292 Lima EL COMERCIO in Spanish 13 Dec 92 pp A1, A11

[Text] An inflationary goal of 27 percent for 1993 and monetary and credit policies aimed at controlling inflation are some of the contents of the 1993-1995 economic program approved by the government. To achieve these goals, the government has requested credit support from the IMF.

Economy and Finance Minister Carlos Bolona Behr yesterday announced the "general guidelines" of the program "aimed at consolidating the results achieved so far with the stabilization of the economy, broadening the field of action of the structural transformation of the Peruvian economy, achieving a feasible balance of payments, and relieving poverty."

In statements to EL COMERCIO, Bolona said that in 1993 growth will begin "with austerity, slowly but steadily." He also said that he trusts that the IMF will approve the Peruvian letter of intent about four weeks after the IMF receives it.

The international reserves, he said, will not be used to normalize the pending debts with the IMF and the World Bank given the promise of assistance made by the U.S. Federal Reserve.

The main figures released by the minister are:

Real economic growth of 3.5 percent of the GDP [Gross Domestic Product], sustained on an increase of internal investments of 16 percent in 1992 to 19 percent in 1995, as well as on the increase of internal savings from 10.5 percent in 1992 to 13 percent in 1995. The use of external savings will increase from 5 percent in 1992 to

5.5 percent in 1995, and it is expected that the foreign debt total will be reduced through the payment of its mortgage and interests.

The program includes a gradual remonetization of the economy. The monetary mass and the liquidity of new soles will grow on real terms at a pace above the growth of the real GDP.

In order to help reduce banking interest rates the government will promote competition in the banking system through a privatization policy requiring the "recapitalization" of "weak" financial institutions.

The floating exchange rate policy will be maintained through the intervention of the Central Reserve Bank [BCR], which will operate in the exchange market "to prevent sudden fluctuations of the exchange rate that may generate inflation."

The government plans to use between 1 to 1.5 percent of the GDP (from $500 to $600 million) in the social field. The Foncodes [National Compensation and Social Development Fund] will finance investment projects on a small scale in health, education, rural roads, potable water, and sewage infrastructure, as well as agricultural assistance in zones "inhabited by the most poor."

The BCR will restrict the minimum legal reserve of the banks to the temporary needs of the liquidity of the financial system, and will try to avoid as much as possible reducing the minimum legal reserves of the banks. The BCR will only issue money to intervene in the exchange market.

"In order to promote private investments, the tax structure will be progressively based on consumption taxes. The government will seek to replace the tax on assets which serves as a minimum income tax, making sure that this action is consistent with the revenue objectives of the program."

The tax burden should increase from 9.25 percent of the GDP in 1992 to 10 percent in 1993, and to 13 percent in 1995.

Debt and Repayment Reductions To Be Requested of Banks

Peru will seek "normalizing" relations with the international private banks "through a voluntary operation to reduce the debt and its service based on market mechanisms. [no closing quotation marks as published]

This is the strategy outlined in the draft letter of intent for the IMF, as announced yesterday by the economy minister.

The negotiations, the letter states, will begin after an agreement is signed to suspend pending trials.

According to the minister, the operation will be financed "with a combination of resources from international organizations, bilateral donations, and our own resources."

This means lowering the debt level, by decision of our creditors, and repaying it, using current secondary market values as reference.

If additional IMF funds are needed, they will be requested once the rescheduling agreement is signed with the creditor banks. The government will also seek to negotiate with the non-guaranteed lenders and other official creditors not included in the Paris Club to seek new mechanisms (within a framework of cooperation) so as to attain a feasible balance of payments within the context of appropriate economic growth.

Liquidating Overdue Debts With the IMF and the World Bank

The government will eliminate the overdue debt with the IMF ($870 million) and the World Bank ($980 million). The bilateral debt with the offical creditors, including $5.8 billion in arrears, was rescheduled in September 1991 and all the bilateral agreements within the framework of the minute signed with the "Paris Club" have been concluded.

As part of the Peruvian financing plan, the country will request that offical creditors lighten the burden of the debt "in conditions so as to achieve a feasible balance of payment."

Public Sector Not to Receive a Single New Sol of Internal Credit

As it happened in the past few years, the public sector will not receive a single new sol according to the fiscal policy for the 1993-1995 period.

A greater effort will be made to increase the tax burden while public spending will be centered on infrastructure investments and social programs.

The consolidated deficit of the public sector (government and public companies) should drop from 2.5 percent of the GDP in 1992 to 1.8 percent in 1995.

During the same period, the surplus in the current account of the non-financial public sector (public companies) is expected to increase from 0.5 percent of the GDP in 1992 to 2.9 percent in 1995, "thus allowing public investments to increase from 3 to 4.7 percent." The primary surplus would increase from about 0.6 percent of the GDP in 1992 to more than 2 percent in 1995.

However, "in order to attain sustained progress in foreign feasibility and in fiscal solvency, a significant reduction of the debt with the official and private creditors is required to complement the internal adjustment efforts."

The consolidated public sector deficit for 1993 should be 2.9 percent of the GDP and it should be totally paid for through external financing. According to the economy minister, the increase of the deficit in comparison with 1992 should reflect an increase in social spending and in the repayment of interest.

Structural Reforms

The following are the structural reforms to be carried out by the government, according to the medium term plan announced yesterday.

In 1995, all public companies will be privatized.

In June 1993, the government will approve the regulating legal framework, tax policy, and the price policy for hydrocarbons, electricity, telecommunications, mining, and fishery. The public utility rates will be especially defined to promote efficiency and to set clear rules to attract private investors.

As of August 1993, workers will pass from a public retirement pension system to a private capitalized pension system based on individual accounts. The National Treasury will pay for the IPSS [Peruvian Institute of Social Security] through the issuance of bonds. The fiscal package will include the cost of current pensioners, "which is estimated at $150 million."

The official banking system will gradually join the privatization process.

The Bank and Insurance Companies Superintendency will be reorganized.

The BCR charter will be proclaimed, defining its role based on its operations in the market to ensure its permanent solvency and establishing strike limits to BCR credits to the public sector.

A unified import tariff rate of 15 percent is expected to be achieved by 1995. The government will continue verifying that the reference prices, sanitary regulations, and anti-dumping mechanisms will not be used as illegal protectionist means.

Regarding taxation, the Sunat [National Superintendency for Tax Administration] will expand its control network from 2,000 contributors in 1992 to at least 5,000 contributors in 1993. A simplified tax form will be introduced by June 1993 and a new system for using the IGV [General Sales Tax] invoices will be implemented as of 1993, "which will significantly improve control of the IGV."

Economy Minister Bolona Discusses Economy

PY2212211292 Lima EL COMERCIO in Spanish 13 Dec 92 pp 4,5

[Miro Quesada] What are your prospects within the government? There are rumors that you might leave and that you might also be named president of the Council of Ministers.

[Bolona] You can find speculation everywhere. My prospects, to the extent that I can continue working as I am now, are to continue working to consolidate the economic program and to develop the structural reforms.

[Miro Quesada] What are your current priorities in handling the economy?

[Bolona] Reactivation, but with austerity. It is not that after two years of adjustments, austerity has ended and that we are beginning a period of celebrations and parties. That would be the greatest disaster. Afterwards, we also want to deal with the social expenditures which are the best economic manner to fight terrorism, together with the military operations being carried out. To continue with the structural reforms and with the stabilization process reducing inflation and improving Peru's image abroad and its balance of payments. [sentence as published] These are the five key elements we must fulfill in the econonmic program.

We cannot, however, disregard inflation because it must continue to drop. By 1995 we must reach an inflation rate of one single digit, which is not easy to achieve, because no Latin American country has had it. I would like to reach an inflation rate of less than 10 percent by 1995.

[Miro Quesada] You have said that AIG-Belco will receive $185 million as compensation for the expropriation, which is the result of the $147 million which is the value given to Belco's properties in 1987, plus 7 percent annual interest. The payment will be made in seven years but with that same interest which is considered very high by some people. What can you tell us about this?

[Bolona] Well, the opposition will be opposed to anything for the sake of opposing things in many cases.

The interest to be paid is 7 percent. This was the pact reached with the APRA [American Popular Revolutionary Alliance] itself. We were very careful to take the basic figure set by the previous government and the interest with which they agreed. Now, one can say: Let us impose the "prime" [preceding word in English] interest, etc. Perhaps the rate is a little low now.

[Miro Quesada] Can interest on future payments be reconsidered? Can another interest rate be negotiated?

[Bolona] There are two options. Either the market interest is implemented, whatever it may be, or a fixed interest which will help determine how much we pay. The tendency in the world is that there will be a shortage of capital and that the international interest rate will go up, or we are mistaken. Then, I believe that it will be better for us if we reach a pact on a fixed interest rate of some 7 percent than leaving it at a variable interest rate.

The other problem is the guarantee. It is for this reason that there was no agreement with the AIG-Belco, because there is no one who can guarantee us the $140 million that would be paid for seven years at a rate of $20 million annually.

The other criticism against us is why pay $40 million in the first payment of the principal. Well, I believe that after having an expropriation for six or seven days and in which we have held in usufruct without having to pay anything to those who had made their investments, I think some kind of demonstration must be given in this aspect. What we wanted is to make that payment with foreign financing.

[Miro Quesada] What negotiation has been reached with the IMF for the 1993 program?

[Bolona] An extended facility program has been negotiated, which is the Extended Fund Facility [preceding three words in English], and the idea is a three-year program that will seek to drop inflation from a 55 percent level to less than 10 percent, and that we may grow 3.5 or 4 percent during that period; that we may have a social expenditure of 1 percent of the GDP [Gross Domestic Product] in that period; that structural reforms may continue to progress and that 0.6 percent of the GDP is invested in them every year, except in 1995 when, obviously, we would have less money as a result of the privatization process or less available money. We must reduce our problem with the foreign sector, whether it is called a renegotiation of our debt and obviously, to reduce and resolve the problem with multilateral organizations, with the Paris Club, with the commercial banks, and with suppliers. This is what we are seeing and negotiating. The IMF has taken this to its board; we have taken it to the ministerial council and to the president, and in a short time, we are going to reach an agreement on the final details and sign the Extended Fund Facility with the IMF.

[Miro Quesada] How will we repay our $5 or $6 billion debt to the international commercial banks?

[Bolona] There are various ways of doing it. Concerning this point, we still do not have a defined menu. We want to minimize repayments. I believe the best way is to follow the countries that have done this well and play with the Chilean, Argentine, Mexican, and Costa Rican schemes that are interesting. We may attempt to make repayments in assets, using various formulas, and manage to have the international banks finally invest in our countries and open credit lines. Nevertheless, this must be negotiated in February, and I would not like to show my cards beforehand, because in a poker game it is very important not to show your cards.

[Miro Quesada] Concerning the GDP, the inflation [rate], and the dollar [exchange rate], what are the 1993 projections?

[Bolona] I would like the inflation rate to reach levels ranging between 27 and 30 percent, the GDP to grow 3.5 percent, and the devaluation rate to be slightly above the inflation rate, that is, slightly increase parity. It is not good to supply an accurate devaluation figure.

[Miro Quesada] There is a lot of concern about the devaluation for next year.

[Bolona] The idea is to have it follow the 1992 trend. What has happened? In 1990, we had a 7,600 percent inflation rate and a 6,000 percent devaluation, that is, there was a devaluation lag with respect to inflation. In 1991, there was a 140 percent inflation rate and a 90 percent devaluation, that is, there also was a devaluation lag with respect to inflation. In 1992, there will be a 55 percent inflation rate and devaluation will total about 65 percent. In 1993, let's suppose we will have a 30 percent inflation rate and a slightly higher devaluation.

[Miro Quesada] Moving on to the issue of the new constitution: In your opinion, what taxes should be approved in the CCD [Democratic Constituent Congress]?

[Bolona] I believe a good portion of the tax reform has already been implemented: Our IGV [General Sales Tax] target; our income tax target; and our minimum tax on assets target. The executive branch handles our import duties target. The selective consumption tax currently levies taxes on fuels, beverages, and certain luxury items. We must remain on this course. It would be ideal to expand the IGV, that is, to have all sectors, including the agricultural sector, which is exempted now and in which some products do not pay taxes, pay the IGV by 1995. We want to remove exemptions, that is, Congress should help us to remove exemptions and not create exemptions as Congress has always done in the past. Let's remove exemptions. Now there are agreements on tax stability and exemptions, depending on the size of the companies, geographic location, and all sorts of things.

[Miro Quesada] Nevertheless, the agreements on tax stability are effective and it could be wrong to remove them.

[Bolona] We must seek formulas for the agreements on tax stability. They are contracts with the state and they cannot be unilaterally broken, but formulas must be reached unanimously.

[Miro Quesada] Under what terms will the BCR [Central Reserve Bank] issue money?

[Bolona] I believe the BCR must issue money in accordance with certain parameters, call it current inflation or production growth, and with total independence. The BCR must not supply a single sol to finance state expenditures. I believe this must be very clear. It is a golden rule and if we break it, we will have a problem because the Central Bank will begin to issue money for payrolls or for this type of nonsense. This rule should be respected. It should be specifically established in the constitution like in Chile, Germany, and other countries. This rule should also be established in the BCR Organic Law.

[Miro Quesada] Do you believe the BCR functions will change in a liberal economy?

[Bolona] It's role is already changing. The BCR must keep certain golden rules and what it should also see is to

avoid granting credits directly to the private sector. It must also avoid granting credits to the public sector, which it has been doing for the last 20 or 30 years, credits to the Agrarian Bank or institutions of that type.

[Miro Quesada] Going back to the CCD. How do you believe public spending in health, education, and other areas should be defined in the new constitution? Should spending percentages be established?

[Bolona] No, it does not seem to me very practical to establish percentages in the constitution. There must be a clear government management and orientation. Even if a percentage is established this is no guarantee that it will be fulfilled because what happened in the past was that some of the spending for health or education was to pay the salaries of employees who were not doing their job of taking care of the people's needs. What we want is to take care of the people's needs on health and education. The idea is not to have more people on the payroll. This is not for social spending. The idea is to increase the number of people being served.

Public spending is a job that belongs to the executive branch with orientations given by Congress. A country cannot be governed through the text of the constitution, just as a company cannot be managed through statutes.

[Miro Quesada] What are the objectives of the privatization plan for 1993?

[Bolona] There are a number of companies to be privatized. I would like to see Petromar S.A. [Maritime Petroleum Corporation, Petroleos del Mar S.A.] privatized, that the problem with AIG [American Insurance Group] be solved, that the state banks, Centrominperu [Central Peru Mining Enterprise], and Entelperu [National Telecommunications Enterprise of Peru] also be privatized. The largest companies should already be privatized, including some companies of Petroperu [State Petroleum Agency], such as the refineries, etc. They are listed in the chronogram of the Copri [Commission for Promotion of Private Investment] because what we want is to conclude the privatization process by 1995. Obviously from 5 April to this date we are a bit behind.

[Miro Quesada] We understand that the government could not fulfill its privatization goals.

[Bolona] We fell slightly behind due to the reasons I mentioned, but we continued selling despite all the problems. We privatized Sol Gas, Pacific Chemistry [Quimica del Pacifico], and Peru Steel despite the very strong opposition of former legislators who urged bidders not to present their offers creating legal hurdles and making all types of threats. However, we have to move forward, and as quickly as possible.

[Miro Quesada] How fast are Peruvian companies adapting their operations and administration to conform to the demands of an open economy?

Companies are adapting their operations. They must do it. The rules of the game have changed. In the past, these companies had a guaranteed market. They did not have to compete internationally. They were completely protected and in exchange for the control of relative prices they were granted loans at subsidized interest rates, dollars at subsidized prices, subsidized energy, subsidized gasoline. Many companies were able to function only because of these benefits, subsidies, or tax advantages. I call them "MUC [Standarized Exchange Market] companies." Many companies are quite competitive and capable of lowering their costs and adapt to the new conditions. Other companies—those called MUC—will not be able to continue operating unless they make a serious effort to adapt.

[Miro Quesada] Money has been very expensive lately. Will interest rates drop?

[Bolona] Interest rates are high. However, money was too cheap before. Interest rates always go up when the financial system is liberated and interest rates are free to move with the market. This is normal in a stabilization process and after a hyperinflationary process. Interest rates stay above inflation rates. Interest rates will drop together with the inflation rate and the gradual increase in the money supply. This, however, cannot be done in a day or two. We need the entry of a large mass of foreign capital into the market to increase the money supply because hyperinflation destroyed our monetary mass. We must adjust bank regulations to lower their fiscal and monetary overheads so that they may lower their administrative overheads, become stronger, and cut down on so many inefficiencies. These are the three main elements that will make interest rates drop.

[Miro Quesada] What can you tell us about the new Support Group?

[Bolona] We are trying to do something similar to what we did last year, that is, form a group headed by the United States and Japan. Japan is the country with the "cash" [preceeding word in English] and its leadership will be most important in the Support Group. European countries could contribute with small amounts of capital. We must seek a scaled down Support Group for 1993, without the levels we had in 1991-1992 when we raised $1 billion. It will be very difficult "to raise" that kind of money in the current world conditions.

[Miro Quesada] What will then be the goal?

[Bolona] We still do not have a definite figure. However, it must be something easier to handle. The United States and Japan should show the way and other countries could complement their efforts.

[Miro Quesada] How will the government handle the Social Support Program? How much will be spent on them?

[Bolona] The 1993 budget mentions about 70 million soles per month. This amount includes the milk glass program, soup kitchens, the jobs program, and social investments. Total spending adds up to 840 million soles

per year. In 1991 we only spent 60 million (we did not have money that year) soles and in 1992, 250 million in these areas.

[Miro Quesada] The trial against former President Alan Garcia is still open. Do you think there is enough evidence against him?

[Bolona] I think the trial must proceed. The evidence must be found and brought forward. The case must have a moralizing effect. The New York prosecutor had evidence on the Neyra-Figueroa case [former BCR officials allegedly involved in the BBCI scandal], although I think it was a different type of evidence, but he could not release the evidence because Mr. Garcia was not charged as he is today. The trial continues and I think it will come to certain conclusions. I think we need to moralize the country no matter who is involved. That is the best way to get the people to believe that the country is changing.

I am not saying it will be easy to find the evidence but it is not impossible. We have to investigate all leads and a very important lead is the one involving prosecutor Morgenthau.

[Miro Quesada] What are the benefits of the Pension Fund Administrations [AFP] and what is your opinion on the objections raised against them?

[Bolona] The system we had did not work. No matter how much did Mr. Castaneda Lossio work on it. The system was bankrupt and the option was not valid.

The current social security system has a capital of $400 million and debts for over $20 billion. This means the system is not sound. Had we followed with that alternative it would have meant that we would continue contributing to retire with perhaps $100 per month, perhaps even less: $50, $40, or $30. That is no solution for anyone. With the individual capitalization scheme your money will maintain its value and you will know how much you will get when you retire. This means to have a dignified pension in accordance with your real salary levels. We have to drop the demagogy and stop attacking the AFP because it is the real solution.

Coca Production Increases in Central Jungle Region

PY2212210192 Lima LA REPUBLICA in Spanish 12 Dec 92 p 15

[Text] More than 6,000 campesinos have already been tempted with the illegal sowing of coca plants in the country's central jungle region, despite the fact that the region is the most productive one in east Peru for the exploitation of other products. If this advance is not stopped it will be fatal for Peru.

This warning was made on 11 December by Efrain Caceres Palomino, executive president of the Pichis-Palcazu Project, who has demanded a 31 million sol budget from the Economy and Finance Ministry in order to improve the goals of the project, such as improving the production conditions of the campesinos in the region.

He stated that the situation of the campesinos in the region, where the Pichis-Palcazu Project is being implemented, is critical, and that at least some 6,000 hectares of coca plants have been sown and most of its production enters the illegal drug trafficking system.

Caceres Palomino said that "in view of the lack of loans, a reduction in profits due to the bad state of the roads, and the destruction caused by subversion, the campesino is tempted to resort to the drug trafficking networks, especially now that they have moved from Tocache into the central jungle region in order to flee the government's policy of fighting drug trafficking."

He highlighted the efforts being made to implement the project with an eye to not only attending to the needs of the 500,000 campesinos of the region, but also throughout the whole country, which has one of the most important supply sources in this region.

The Pichis-Palcazu Project includes some 4.7 million hectares located in the provinces of Chanchamayo and Satipo in the department of Junin; in Oxapampa de Pasco; in San Alejandro de Ucayaly; and in Puerto Inca de Huanuco in the region of Andres Avelino Caceres.

Uruguay

Housing, Environment Minister Mieres Resigns

PY2312121292 Madrid EFE in Spanish 1248 GMT 22 Dec 92

[Excerpts] Montevideo, 22 Dec (EFE)—Uruguayan Housing and Environment Minister Jose Maria Mieres Muro stated today that he had resigned from his post because he disagreed with the terms of an agreement signed on 21 December between the government and the Inter-American Development Bank (IDB). [passage omitted]

In announcing his resignation from the cabinet of President Luis Alberto Lacalle, Mieres Muro said: "One of the two is one too many: The IDB or myself." [passage omitted]

It was announced in political circles that Juan Chiruchi, a person who agrees with Lacalle's policies and the current mayor of San Jose, 90 km west of Montevideo, will be the new housing and environment minister.

Chiruchi stated that he had received the president's offer, but he has not decided yet whether he will accept. [passage omitted]

Mercosur Summit in Colonia Confirmed for 28 Dec

PY2212125792 Montevideo Radio El Espectador Network in Spanish 0830 GMT 22 Dec 92

[Text] The Mercosur [Common Market of the South] presidential summit has been confirmed for 28 December in Colonia. Mercosur is comprised of Argentina, Brazil, Paraguay, and Uruguay.

The rumors circulating that the session might be suspended were based on the few agreements reached during a Mercosur meeting in Montevideo last week.

Guyana

Jagan on Capitalism, Socialism, Fascism

FL2312013592 Bridgetown CANA in English 1400 GMT 22 Dec 92

[By Ric Mentus]

[Text] Georgetown, Guyana, Dec 22, CANA—There are still flashes of that passion today that characterised the speeches of Dr. Cheddi Jagan when he was a fiery Marxist politician of the 1950's, '60's, and '70's. Now in his 75th year, Dr. Jagan is president of the Cooperative Republic of Guyana and heads a government that is an alliance of his People Progressive Party and the one-time pressure Group Civic, whose titular head, Sam Hinds, a metallurgical engineer, is now prime minister.

President Jagan, now committed to the free enterprise system, structured divestment of some state enterprises, and an acceptance of private foreign investment, slipped easily into his previous self during an interview with CANA when the discussion turned to socialism. Why did he think socialism proved such a disaster in the English-speaking Caribbean?

"I would say it was never tried: it wasn't given a chance," he said. "I can speak for Guyana: there was no socialism here. You cannot build socialism without democracy, without all the prerequisites in place—the economic, political, social, and cultural infrastructure must be there to start the process towards socialism."

To describe what took place in the Caribbean under the guise of socialism, President Jagan borrowed an expression from former Soviet leader Mikhail Gorbachev: "It was bureaucratic, command-type government, coupled with extravagance and corruption." That assessment, he said, was accurate for the former Soviet Union, Eastern Europe, and the Caribbean. Just before the collapse of the "so-called" socialist world, he said, western capitalism was also in crisis. It had introduced health insurance, unemployment relief, scholarships, and other elements of the welfare state in an attempt to match benefits being provided for the people in socialist countries, Jagan told CANA.

"But a lot of these benefits have now been whittled down. Capitalism is not performing, and though there is a projection for a high economic growth rate in the United States of America, the rest of the western world will grow by only one to one-and-a-half percent, which is not enough," he said. In the circumstances, what his government planned to do for Guyana, he said, "is to continue where we left off in 1964 when we were fulfilling what the United Nations was talking about in terms of human development and the two covenants of civil and political rights on the one hand, and economic, social and cultural rights on the other."

Dr. Jagan said his 1964 government had achieved civil and political rights: fundamental human rights were enshrined in the constitution; there was a multi-party political system, and there were regular elections. There was also economic growth through a mixed economy, Jagan said.

"We were moving in the direction where we would have been able to fulfil both aspects of the UN covenant," he remarked, "and we will continue from there. We had foreign capital, private enterprises, and the state was playing a positive role in the economy, and things worked well. But all collapsed under the People's National Congress government (1964 to 1992) beacuse basically there was no democracy of any kind, neither representational nor participatory."

"Instead, what developed in the country were discrimination (political and racial), extravagance, corruption, bribery, nepotism and favouritism, and these impeded the productive forces."

The president avoided putting a label to the political/economic ideology his new government will follow, but denied that it was what former Jamaican Prime Minister Michael Manley called democratic socialism.

"I would say at this point, we have established a national democratic government to protect the interests of the nation," he explained, "with racial/ethnic balance: class balance, ideological balance. We need business people and investors for economic growth, but you can have growth without human development where the rich get richer and the poor get poorer. There can also be growth without social justice or equal justice." So his government, he said, was working "hand in glove" with the private sector and trade unions to ensure that the nation's interest was protected at all times. He said that the democratic culture had to be maintained and that the state must prevent exploitation and see that the working people's interest was protected.

"Our ideology is not democratic socialism at this stage: we are not at any stage of socialism. We are just laying down the foundations for good governance and efficient management," Jagan said.

Looking at the international picture, Dr. Jagan recalled that after the collapse of the socialist/communist world

and the Gulf War, American President George Bush was saying that a New World Order would develop.

"But now everybody is saying we have a new world disorder of a different kind. The world can't go on this way—troops have to be sent to Somalia; Yugoslavia is crying out for settlement; Afghanistan is said to be worse than even Somalia or Yugoslavia," the Guyana president said. "So if you have economic deterioration with people starving, it will lead to political instability in the world. It will be just as bad as nuclear bombs which were seen as such a threat to world peace at one time. Dr. Jagan said he feared the situation in Russia under President Boris Yeltsin could deteriorate into fascism.

"When capitalism cannot solve problems," he said, "it moves to fascism, as was the case with Hitler and Mussolini in the '40s. It will resort to strong methods to hold down the people when they start fighting for their rights, and it is possible this can happen in Russia, which has a tradition of dictatorship from the czars down to Stalin."

Cuba, however, he saw in a different light. He believes that Cuba needs democracy for development. "But the Cuban people have to decide what kind of democracy they want and they must seek external assistance to get it, like we did," he said. He said he felt that America had imposed, and was continuing, the trade embargo against Cuba because it was opposed to Cuba's political ideology, though that was not what Washington was saying.

"America is saying there is no democracy in Cuba, it is a one-party state which violates the rights of people and they want to see the system changed, and are pressuring Cuba to do so. That is the American position. But it is another thing when a foreign government breaks international law to try to impose a system on another people," Jagan told CANA.

"The Americans did not impose a trade blockade on Guyana to force (the late President Forbes) Burnham to adopt democracy. They applied pressure in their own way, but they did not intervene," he said. And it was because of the latest American move against Cuba in the United Nations, Dr. Jagan feels, that American's western allies voted against her on the resolution to tighten the Cuban embargo. "From their perspective, it was a clear violation of international law," Jagan said.

UK Resumes Aid After 'Free and Fair Elections'

FL1812204692 Bridgetown CANA in English 1944 GMT 18 Dec 92

[Text] Bridgetown, Barbados, Dec 18, CANA—Britain has announced it will resume providing aid to Guyana following the holding of "free and fair" elections there in October.

The announcement was made in Parliament in London on Thursday [17 December].

"An aid agreement will be signed soon in Georgetown covering an initial grant of two million pounds sterling for disbursement by March 31 next year.

"The grant will be used for balance of payments support and is conditional upon IMF (International Monetary Fund) approval of a new Enhanced Structural Adjustment Facility (ESAF) arrangement for Guyana," the British High Commission said in a release here.

It said the IMF board would consider the new arrangement on Monday, December 21. The British grant will be used to help pay for Guyana's oil imports.

"Members of the British Development Division based in Bridgetown will hold further discussions with the Government of Guyana to consider longer term plans for aid," the High Commission added.